



PATENT APPLICATION
Attorney Docket No.: AIG-004 (10251-047)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicants :	Harrell et al.	Conf. No. :	6164
Appln. No. :	09/942,078	Art Unit :	3626
Filed :	August 28, 2001	Examiner :	Vanel Frenel
Title :	METHOD FOR SELLING MARINE CARGO INSURANCE IN A NETWORK ENVIRONMENT		

DECLARATION OF DONALD HARRELL UNDER 37 C.F.R. § 1.131

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

I, Donald Harrell, hereby declare as follows:

1. I am one of the inventors of the above-identified patent application. I am familiar with the prosecution of this patent application in the United States Patent and Trademark Office including the most recent Office Action, dated July 31, 2006, which I understand is a non-final Office Action.

2. In the Office Action dated July 31, 2006, the Office Action rejected claims 1-25 in the above-identified patent application relying principally on U.S. Patent Publication No. 2002/0120527 ("Lam et al."). Lam et al. was filed on July 25, 2001 and claims priority to two provisional patent applications bearing Application Nos. 60/221,125 and 60/221,141 and both filed on July 27, 2000. According to the Office Action, Lam et al., in combination with other applied references renders unpatentable as obvious the subject matter of claims 1-25 of the above-identified patent application.

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3. The above-identified patent application was filed on August 28, 2001 and claims priority to a provisional patent application bearing Application No. 60/228,882 and filed on August 29, 2000 ("the E-Cargo provisional application"). The purpose of this Declaration is to demonstrate that the inventions claimed by claims 1-25 were conceived and followed by diligence in reducing the inventions to practice prior to the July 27, 2000 priority date claimed by the provisional applications of Lam et al.

4. At least as early as July 26, 2000, the concept of transacting cargo insurance business in a network environment was conceived. The concept as conceived involved automation of quoting, billing, certificate issuance, underwriting and claims processing for cargo insurance policies.

5. The conception of transacting cargo insurance business in a network environment included various features which are set forth in claims 1-25 of the above-identified patent application. The invention was initially referred to internally variously as "eMarine" or "cCargo." Attached hereto as Exhibit A is a facsimile dated prior to July 27, 2000 from Ray Berg of American International Group, Inc. ("AIG") Global e-Business Solutions to patent counsel for AIG enclosing a "Business Case – Executive Summary" of the features of the "eMarine" invention. I personally participated in the preparation of Exhibit A. Exhibit A has been redacted to preserve attorney-client privilege and to protect the identity of AIG's customers and/or business partners, neither of which bear on the dates of conception of the invention. Pages 2-3 of the "Business Case – Executive Summary" of Exhibit A outline features of the eMarine invention. Exhibit A is an internal AIG document prepared for the purpose of setting out the features and aspects of an online marine and cargo insurance solution that would

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automate previously time- and labor-intensive processes. Exhibit A was created in the ordinary course of business for technologies over which patent protection would be sought and was generally created after concepts considered for patenting had undergone a technical review for feasibility.

6. After the conception of the eMarine and eCargo concepts, AIG engaged the Proskauer Rose law firm to prepare and file a provisional patent application describing the features of the eMarine and eCargo concepts. Shortly after receipt of the contents of Exhibit A, patent counsel began preparing the E-Cargo provisional application based on the "Business Case – Executive Summary" of Exhibit A and conferred with representatives from AIG. Within a few weeks of conferring with representatives from AIG, patent counsel transmitted a draft of the E-Cargo provisional application to representatives of AIG. Within a few weeks of receipt of the draft E-Cargo provisional application, on August 29, 2000, patent counsel for AIG filed the E-Cargo provisional application. Representatives of AIG and patent counsel worked diligently from the first disclosure of the subject matter of the E-Cargo provisional application prior to July 27, 2000 up to and until the filing date of the E-Cargo provisional application on August 29, 2000 on preparing and developing the concepts for patenting.

7. Prior to July 27, 2000, detailed workflow diagrams had been created describing the features of the eCargo product. Attached as Exhibit B hereto is a document titled "eCargo Process Flow Document – Version 1.0" and dated prior to July 27, 2000, which includes "Major Functional Requirements," "Detailed Process Flows," and "Data Requirements" for the eMarine and eCargo concepts that are set forth in claims 1-25 of the above-identified patent application.

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8. The Detailed Process Flows were described in the E-Cargo provisional application substantially as they appear on Exhibit B. Documents like Exhibit B are generated in the normal course of business at AIG as part of the process for developing ideas used for creating system requirements documents used to build an operational software system and as part of the process for seeking patent protection over AIG's inventions. Attached as Exhibit C hereto is a document titled "eCargo Business Requirements Summary" and dated prior to July 27, 2000. Exhibit C summarizes the business logic and process rules implemented by the eCargo invention for carrying out the functional requirements and process flows. Documents like Exhibit C are generated in the normal course of business at AIG to, for example, summarize the technical concepts of documents like Exhibit B. The drawings illustrated on Pages 4 and 6 of Exhibit C are substantially identical to the drawings illustrated on Pages 7 and 33 of Exhibit B. Exhibits B and C have been redacted to, among other things, preserve attorney-client privilege and to protect AIG confidential business information that does not relate to the conception or reduction to practice of the invention as claimed.

9. The elements of claims 1-25 are found throughout Exhibits A-C, all of which predate July 27, 2000. The table below sets forth exemplary support in Exhibits A-C for the claims, although, support may exist elsewhere in Exhibits A-C or in other internal documentation at AIG:

<u>Claim</u>	<u>Location (Exhibit:Page)</u>
1. A method for an insurer to automate the transaction of cargo insurance business on-line, comprising the steps of:	A:2; B:2; B:5; B:8-9; C:1; C:4

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Claim	Location (Exhibit:Page)
a) in response to a customer request on-line for insuring a cargo shipment, generating a cargo insurance policy quotation on-line,	A:3; B:2; B:5; B:8-9; B:10-11; B:24-25; C:1; C:2; C:4
b) upon acceptance of said cargo insurance policy quotation by said customer on-line, generating a bill on-line corresponding to said cargo insurance policy quotation,	A:3; B:3; B:5; B:8-9; C:2; C:4
c) upon acceptance of said bill by said customer on-line, issuing a cargo insurance certificate on-line to said customer,	A:2; B:3-4; B:5; B:8-9; C:1; C:2; C:4
d) determining a reinsurance portion of the value of said cargo insurance certificate automatically, and	A:4; B:3; B:5; B:8-9; B:16-17; C:1; C:2; C:4
e) processing on-line a subsequent claim from said customer regarding said cargo shipment.	A:2; A:5; B:3-4; B:5; B:30-31; C:5-6
2. The method of claim 1 wherein, prior to generating said cargo insurance policy quotation, said customer is pre-qualified, based on said customer's claim and payment history.	A:2; B:3; B:5; B:8-9; B:28-29; C:1; C:2
3. The method of claim 2 wherein said generation of said cargo insurance policy quotation is based on pre-loaded data, as well as data inputted by said customer.	B:3; B:5; B:10-11; C:2
4. The method of claim 3 wherein said cargo insurance policy quotation can be modified on-line by said customer and said insurer interactively.	B:3; B:5; B:10-11; C:2

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Claim	Location (Exhibit:Page)
5. The method of claim 4 wherein when said bill is not acceptable to said customer, said customer is referred to an underwriter.	B:3; B:8-9; C:1; C:4
6. The method of claim 5 wherein said bill is paid on-line.	B:3; B:5; B:12-13; C:1
7. The method of claim 6 wherein said cargo insurance certificate is issued on-line.	A:3; B:3; B:5; B:14-15; C:1; C:2; C:4
8. The method of claim 7 wherein a risk evaluation of said cargo shipment is made, based on pre-determined limits and restrictions.	B:3; B:5; B:16-17
9. The method of claim 8 wherein detail data of said cargo shipment is validated.	B:3; B:5; B:18-21; C:1; C:2
10. The method of claim 9 wherein said reinsurance portion is allocated in accordance with a quota share calculation.	B:22-23
11. The method of claim 9 wherein said reinsurance portion is allocated in accordance with an excess loss calculation.	B:22-23
12. The method of claim 9 wherein said subsequent claim from said customer requires an investigation.	B:4; B:5; B:30-31; B:38-39; C:5
13. The method of claim 9 wherein said subsequent claim from said customer is paid without requiring an investigation.	B:4; B:30-31; B:38-39; C:5

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<u>Claim</u>	<u>Location (Exhibit:Page)</u>
14. The method of claim 1 wherein management reports are generated by said insurer.	B:4; C:1
15. Storage media comprising a plurality of software routines for an insurer to automate the transaction of cargo insurance business, said plurality of software routines comprising:	A:2; B:2; B:5; B:8-9; C:1; C:4
a) a first software routine for generating a cargo insurance policy quotation in response to a customer request to insure a cargo shipment,	A:3; B:3; B:5; B:8-9; B:10-11; B:24-25; C:1; C:2; C:4
b) a second software routine for generating a bill corresponding to said cargo insurance policy quotation upon acceptance of said cargo insurance policy quotation by said customer,	A:3; B:3; B:5; B:8-9; C:2; C:4
c) a third software routine for issuing a cargo insurance certificate to said customer upon acceptance of said bill by said customer,	A:2; B:3-4; B:5; B:8-9; C:1; C:2; C:4
d) a fourth software routine for determining a reinsurance portion of the value of said cargo insurance certificate automatically, and	A:4; B:3; B:5; B:8-9; B:16-17; C:1; C:2; C:4
e) a fifth software routine for processing a subsequent claim from said customer regarding said cargo shipment.	A:2; A:5; B:3-4; B:5; B:28-29; C:5-6

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<u>Claim</u>	<u>Location (Exhibit:Page)</u>
16. The storage media of claim 15 further comprising a sixth software routine for pre-qualifying said customer, based on a claim and payment history of said customer, prior to generating said cargo insurance policy quotation.	B:3; B:5; B:8-9; B:28-29; C:1; C:2
17. The storage media of claim 15 wherein said first software routine generates said cargo insurance policy quotation based on pre-loaded data, as well as data inputted by said customer.	B:3; B:5; B:10-11; C:2
18. The storage media of claim 17 further comprising a seventh software routine for referring said customer to an underwriter when said bill is not acceptable to said customer.	B:3; B:8-9; C:1; C:4
19. The storage media of claim 18 further comprising an eighth software routine for processing payment of said bill.	B:3; B:5; B:12-13; C:1
20. The storage media of claim 19 further comprising a ninth software routine for issuing said cargo insurance certificate.	B:3-4; B:5; B:14-15; C:1; C:2; C:4
21. The storage media of claim 20 further comprising a tenth software routine for making a risk evaluation of said cargo shipment, said risk evaluation based on pre-determined limits and restrictions.	B:3; B:5; B:16-17

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<u>Claim</u>	<u>Location (Exhibit:Page)</u>
22. The storage media of claim 21 further comprising an eleventh software routine for validating detail data of said cargo shipment.	B:3; B:5; B:18-21; C:1; C:2
23. The storage media of claim 22 further comprising a twelfth software routine for allocating said reinsurance portion in accordance with a quota share calculation.	B:22-23
24. The storage media of claim 22 further comprising a thirteenth software routine for allocating said reinsurance portion in accordance with an excess loss calculation.	B:22-23
25. The storage media of claim 15 further comprising a fourteenth software routine for generating management reports by said insurer.	B:4; C:1

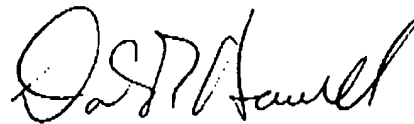
10. Based on the above, it is clear that the inventions of the above-identified patent application as described by claims 1-25 were conceived at least as early as July 26, 2000 and were reduced to practice with diligence at least as early as the filing date of the E-Cargo provisional application. Thus, conception occurred before July 27, 2000, the earliest possible effective filing date of Lam et al., which the Examiner cited in the July 31, 2006 Office Action in rejecting claims 1-25. Moreover, the concepts were at least constructively reduced to practice in a diligent manner at least from July 26, 2000 until the filing of the E-Cargo provisional application, as evidenced by the steps taken up to and until the filing of the E-Cargo provisional application.

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11. I understand that the acts described herein and relied upon to demonstrate conception, diligence, and reduction to practice prior to July 27, 2000 were carried out in the United States, a country that is a member of the North American Free Trade Agreement, or a country that is a member of the World Trade Organization.

12. I understand that the above-identified patent application was assigned to AIG by an assignment from the named inventors to AIG executed between March 18-21, 2002, and recorded at Reel 012728 and Frame 0430 of the U.S. Patent Office Assignment Records. I further declare that the remaining named inventors of the above-identified patent application are no longer employed by AIG. Therefore, this declaration also bears the signature of a representative of AIG, the assignee of the above-identified patent application, in lieu of these inventors.

13. I further declare that all statements made herein of my own knowledge are true, and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. § 1001, and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.



Donald A. Harrell

25-Jan-07

Elizabeth M. Tuck
Assistant Secretary
American International Group, Inc.

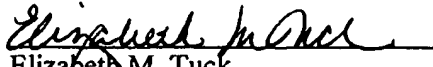
Attachment: Exhibits A-C

11. I understand that the acts described herein and relied upon to demonstrate conception, diligence, and reduction to practice prior to July 27, 2000 were carried out in the United States, a country that is a member of the North American Free Trade Agreement, or a country that is a member of the World Trade Organization.

12. I understand that the above-identified patent application was assigned to AIG by an assignment from the named inventors to AIG executed between March 18-21, 2002, and recorded at Reel 012728 and Frame 0430 of the U.S. Patent Office Assignment Records. I further declare that the remaining named inventors of the above-identified patent application are no longer employed by AIG. Therefore, this declaration also bears the signature of a representative of AIG, the assignee of the above-identified patent application, in lieu of these inventors.

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Donald A. Harrell


Elizabeth M. Tuck
Assistant Secretary
American International Group, Inc.

Attachment: Exhibits A-C

EXPRESS MAIL MAILING LABEL NO. EV719222290US

EXHIBIT A



AIG Global eBusiness Solutions

80 Pine Street
New York, NY 10005
212-770-1689

FAX COVER

To: Charles Gutman
At: 969-3180

From: Ray Berg
AIG Global e-Business Solutions
Phone # (212) 770-1689 fax (212) 770-5373
Number of Pages: 7 pages including cover

Charles,

Pursuant to our conversation, I am enclosing information on the business plan for AIG's eMarine product.

Please review the enclosed info and call myself or Don Harrell with any questions. Don is the product manager most familiar with its nuances. Don can be reached at (212) 770-8442.

Regards,

Ray Berg

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Business Case - Executive Summary

American International Underwriters

Business Case Proposal

AIGeMarine – Internet Marine Open Policy & Special Marine Policy Issuance System
Phase 2

1.0 Statement of Problem / Opportunity

The Initial Phase of development for the AIGeMarine system is nearing conclusion and the system will shortly enter User Acceptance Testing. Numerous Partner Portal sites have been identified and new ones continue to be identified.

As stated in the prior AIGeMarine Business Case, and true today:

Secondarily, we also have the opportunity to significantly improve service to our existing Major accounts by enabling these customers to on-line, self-issue Certificates of Insurance, report declarations, report Loss assertions and review account Premium & Claims information. :

We propose an Internet/Extranet based eCommerce system initiative titled "AIGeMarine", which will be made available via Internet/Extranet portals. We believe that the "AIGeMarine" system initiative presents a cost-effective solution to accessing pre-qualified Middle-market prospects through additional/alternative distribution channels.

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2.0 Project Description, Alternatives Considered & Recommended Solution

Project Description

AIGeMarine Phase 2:

This Phase of the AIGeMarine system development will incorporate the following:

Marine Open Policy related

- Client self-reporting of declarations for a Marine Open Policy
- Enable electronic payment of premiums (including credit cards) and support current payment plans (Monthly, Quarterly, Annually)
- Certification issuance separate from Quote for Open Policy customers
- Create facility for maintaining the Credit Terms for our Marine Open Policy Assureds.

Generic

- Flexible Table system
- Integration with S3 backend
- Replication of data to the Matrix datamart for Client Reporting.
- Development of Special Marine Policy, Quote, Invoice and Endorsements and formats /wording (including disclaimers, terms, taxes) for:
 - A. Thailand
 - B. Taiwan
 - C. Philippines
 - D. Malaysia
 - E. Indonesia
 - F. Australia

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- G. China
- H. Japan
- I. Korea
- J. New Zealand

- XML functionality for HTTPS & FTP messaging interface. XML parser already created by AIGSI.
 - Develop Invoice document and handling
 - Integration of PKI security for securing XML messages. Software will have to be acquired and installed on the AIGeMarine Server.
 - Creation of Invoice, Financial and Non-Financial Endorsement functionality.
 - Reports for Account Reconciliation.
 - Reports for AIGeMarine portfolio management.
 - Expand coverage to include Inland Transit
 - Development of SEA MARCO functionality and conversion
 - Creation of Special Marine Policy Cancellation facility.
 - Ability to handle exchange rate.
-
- Facility for handling Quotations with a timed life span.
 - Ability for user to return after accepting a quote, and complete information for Special Marine Policy. This is the situation where our client confirms they want to purchase our policy, but doesn't have all required information.
 - Modification to Rating Formula to include Origin Country.
 - Ability to allow display of extra lines in Special Conditions & section. These extra lines would be from a predefined multi-selection drop-down.

3.0 Strategic Alignment with IT Strategies and Standards.

4.0 Project Completion Date / Implementation Risk

Project Dependencies

AIGeMarine is dependent on the B2B Group for providing solutions for the following:

- Worldwide, Intranet based eClaims system
- Decision on integrating with Country backend Premium and Claims systems and therefore potentially gathering requirements for it. If not, definition of operations and procedures.
- ePayment & eSettlement solution(s)
- mechanism to track, catalogue, report and settle stamp duty/VAT payments
- mechanism to track, catalogue, report and settle mandatory reinsurance
- resolving Foreign General reporting issues

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Project Plan

The Project Plan below is separated into Milestones.

Phase 1

-
- Expand coverage to include Inland Transit
- Modification to Rating Formula to include Origin Country.
- Facility for handling Quotations with a timed life span.
- Create facility for maintaining the Credit Terms for our Marine Open Policy Assureds.
- Creation of Invoice, Financial and Non-Financial Endorsement functionality.
- Develop Invoice document and handling
- Integration of PKI security for securing XML messages. Software will have to be acquired and installed on the AIGeMarine Server.
- XML functionality for HTTPS & FTP messaging interface. XML parser already created by AIGSI.

Phase 2

- Client self-reporting of declarations for a Marine Open Policy
- Replication of data to the Matrix datamart for Client Reporting.
- Reports for Account Reconciliation.
- Reports for AIGeMarine portfolio management
- Ability to handle exchange rate.

- Development of Special Marine Policy, Quote, Invoice and Endorsements and formats /wording (including disclaimers, terms, taxes) for:
 - K. Thailand
 - A. Taiwan
 - B. Philippines
 - C. Malaysia
 - D. Indonesia
 - E. Australia
 - F. China
 - G. Japan
 - H. Korea

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I. New Zealand

Phase 3

- Creation of Special Marine Policy Cancellation facility.
- Ability to allow display of extra lines in Special Conditions & section. These extra lines would be from a predefined multi-selection drop-down.
- Ability for user to return after accepting a quote, and complete information for Special Marine Policy. This is the situation where our client confirms they want to purchase our policy, but doesn't have all required information.

Phase 4

- Enable electronic payment of premiums (including credit cards) and support current payment plans (Monthly, Quarterly, Annually)
- Development of SEA MARCO functionality and conversion
- Flexible Table system
- Integration with S3 backend

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EXHIBIT B

Contents

INTRODUCTION 1

MAJOR FUNCTIONAL REQUIREMENTS 2

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DATA REQUIREMENTS 43

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INTRODUCTION

This document presents the functional requirements, workflows, and data requirements defined as part of the eCargo initiative. It is primarily based on a series of interviews and working sessions with representatives from various AIG groups, including AIMA, AIU, and AIG Global eBusiness Solutions Group. In addition, documents from the eMarine initiative, AIMA, and AIU have been used.

The goal of this document is to identify the functional requirements in sufficient level of detail so that technical design and development can begin. The document is organized as follows:

- **Major Functional Requirements:** This section lists the major requirements. Many of the requirements are associated with specific workflows. Others are general requirements that affect the system in general.
- **Detailed Process Flows:** Required process flows are shown in detail. For each process, a text description is shown on subsequent page and is linked by a process number.
- **Data Requirements:** This section lists the data requirements. It lists requirements for Claims Notification and Insurance Certificate. Additional data requirements will be filled in subsequent drafts of this document.

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MAJOR FUNCTIONAL REQUIREMENTS

The list of the major functional requirements is shown below:

Workflow Number	Functionality Description
1	Request a quote online
1	Data-feed customer data from B2B exchange
1	Perform pre-qualification of customers based on claim and billing history and other factors
1	Online customer billing
1	Underwriter referral capability
2	Uploading of transaction data from B2B exchange when possible
2	Data entry by user of quote information
2	Suggestion of changes that would make the premium lower/different to support "what if" scenarios
2	Online referral to an underwriter
3	Online billing and payment
3	Premium accounting interface
4	Online insurance of insurance certificates
4	Assignment of certificate numbers
4	Decision logic for whether a certificate is issued by mail or electronically
5	Automated reinsurance decision
5	Automated risk evaluation
8	Premium allocation to reinsurers
8	Cession calculation for each reinsurer
8	Reinsurance accounting
8	Online availability of documents to various parties -Insured -Broker -Surveyor -Claims/Adjuster -Underwriter -Recovery -Loss Control -Accounting -Attorneys -B2B exchange staff -Joint Venture staff
9	Online creation of preliminary loss advices
10	Automated notification of various parties when a claim is submitted against a certificate
11	Subrogation process tracking
12	Claim adjustment
12	Automated decision on documents required for individual claims and recovery
14	Claim payment accounting interface
15	Calculate quote electronically
16	Voiding certificates online
17	Electronic data verification (business rules)
17	Automated choice of surveyors by system

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17	Automated decision on whether a survey is required
	Issuance of certificates against open policies
	Electronic signature of documents
	Online availability of claims documents (BOL, packing list, etc.)
	Provide the ability to upload survey report text and images and text to the database
	-Insureds
	-Surveyors
	Profitability reports based on commodity, customer, region, else
	Claims data reporting capability
	Analyze claim data for potential problems (e.g. time limits)
	Proactive red-flagging of high risk transactions (loss control)
	eMail capability
	Table-driven rules engine that users can use to upload, change, and maintain business decision logic, rating algorithms, and associated tables for commodities, ports, ocean/air %, etc...

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DETAILED PROCESS FLOWS

This section identifies the eCargo workflows, and it covers the following areas:

- Individual Shipment Insurance Policy Purchase
- Customer Pre-Qualification
- Quote Creation
- Billing
- Insurance Certificate Issuance
- Insurance Certificate Voidance
- Risk and Reinsurance Evaluation
- Shipment Detail Data Entry
- Data Validation
- Reinsurance
- Premium Calculation
- Claims
- PLA Creation
- Claims Notification to Underwriting, Loss Control, and Recovery
- Claim Acknowledgement
- Recovery/Subrogation
- Claims Investigation/Negotiation
- Claim Payment

Each of the processes has associated text shown on the subsequent page which are linked by the process number. The text describes how the process is performed and includes the following information:

- User interaction with the system and any messages that may be displayed
- Information on the type of data gathered and associated source(s)

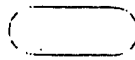
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- Decision logic that may be involved in performing the process. (Some of the business logic need to be further defined and/or documented. We expect the system to have a robust and flexible decision engine so that the business logic can be easily implemented and modified.)
- For quote calculation, it includes the necessary data type to be captured and the rate formula needed for premium calculation.
- Other pre-defined workflows that may be called.

The following page explains the symbols used in the process flow diagrams.

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Symbols Defined:



Start – Marks the beginning or end of a process.



Process – Indicates a feature, function, or the system.

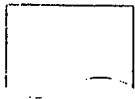
Decision (Yes, No) – An area where the system branches into more than one scenario based on a system or user choice.



Connector – Links one flowchart to another. Previous process number shown inside the connector.



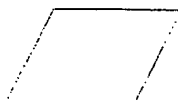
Pre-defined process – A process mapped in another workflow.



Document – A digital or printed document output.



Stored Data – Data that is stored in the database or obtained from a system interface.



Data – Data inputted by a user.



Display – A screen output to the user.

Key

A – Action

Q – Question

D – Defined Procedure

P – Process

S – System Data Input

U – User Data Input

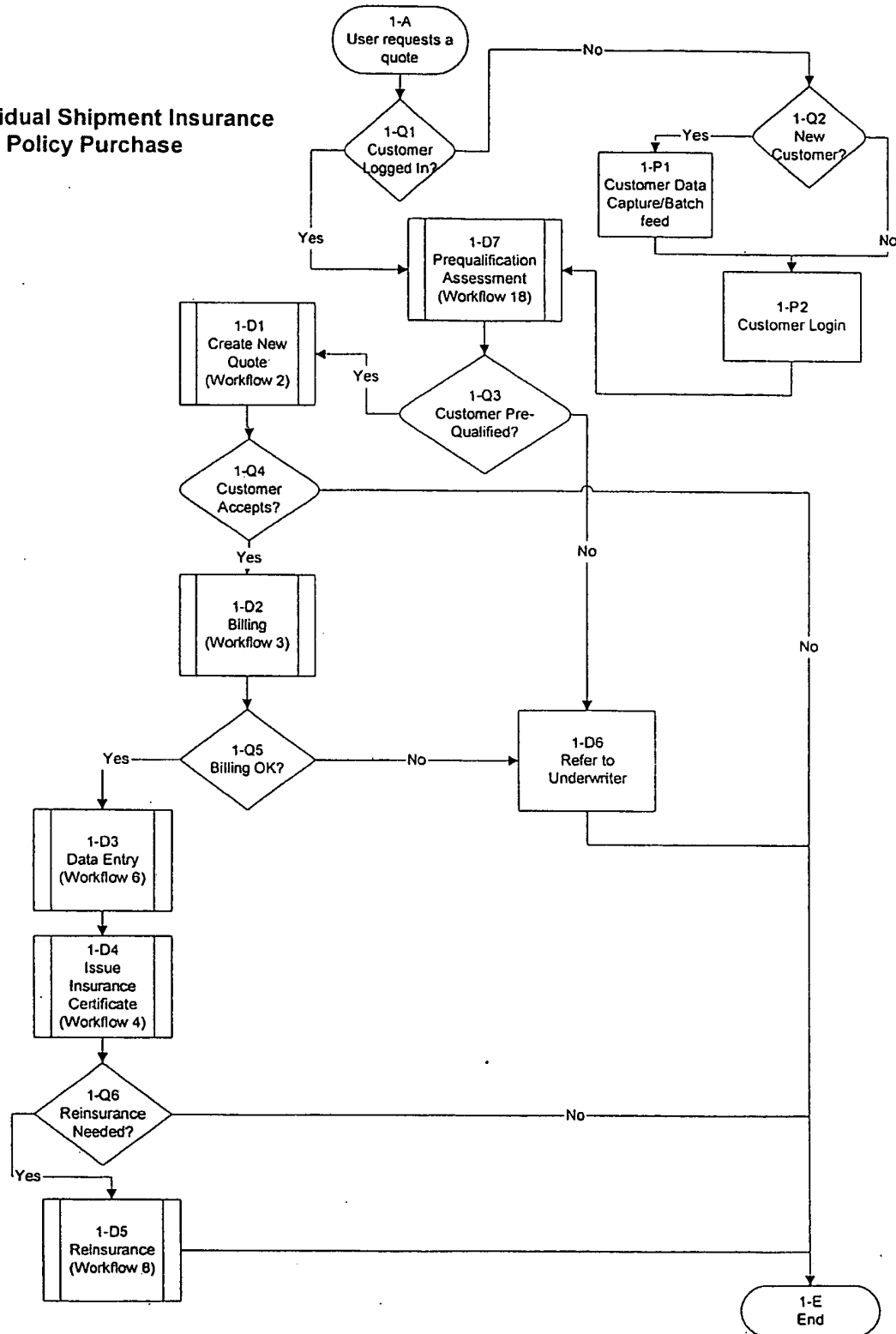
O – Output

E – End

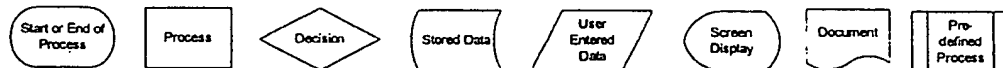
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REDACTED

1. Individual Shipment Insurance Policy Purchase



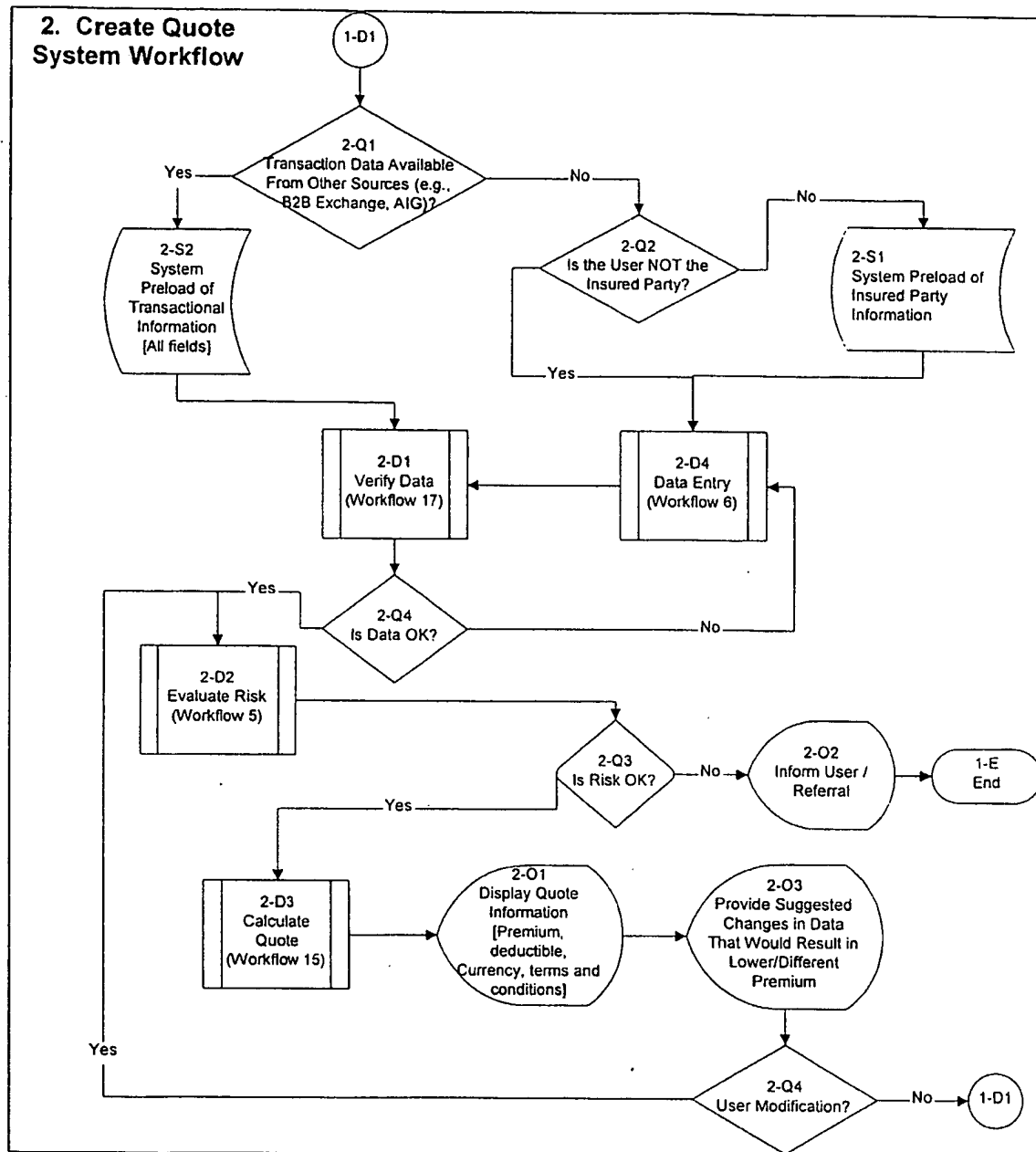
Legend:



REDACTED

Number	Description
1-A	A B2B exchange member is led to the AIG insurance cargo insurance product offering from the B2B exchange site. The user clicks on “REQUEST NEW QUOTE”
1-D1	The quote creation process is completed. [See Workflow 2 – Quote Creation System Workflow]
1-D2	The billing process is completed. [See Workflow 3 – Billing System Workflow]
1-D3	If the billing was successful, the user completes the remaining data entry requirements regarding the shipment.
1-D4	The system completes the insurance certificate issuance process. [See Workflow 4]
1-D5	If there is reinsurance, the reinsurance process is started [See Workflow 8]
1-D7	The system evaluates to see whether the customer can be extended insurance considering their claims, premium payment history, and other criteria to be determined. [See Workflow 18]
1-E	The transaction is complete.
1-P1	As part of the user set up, AIG will download the customer profile directly from the B2B exchange.
1-P2	The user must enter a valid login ID and password. Password recovery functionality should be provided as part of this service.
1-Q1	Checks whether the customer is logged in. As part of the requirements for using the system, all users have to be registered. Proof of identity is provided via login.
1-Q2	New customers will have to set up a user ID and password to access the website.
1-Q3	If the customer pre-qualification is successful, the quote creation process starts.
1-Q4	The customer clicks on the “PURCHASE INSURANCE BUTTON”. Customers with prior agreement to buy insurance will skip this step.
1-Q5	This step checks whether the billing process was successful.
1-Q6	Evaluates whether there needs to be reinsurance, based on the risk assessment System Workflow number 5.
1-Q6	When the customer does not pre-qualify or if there is a problem with the billing process, the user is referred to an underwriter.

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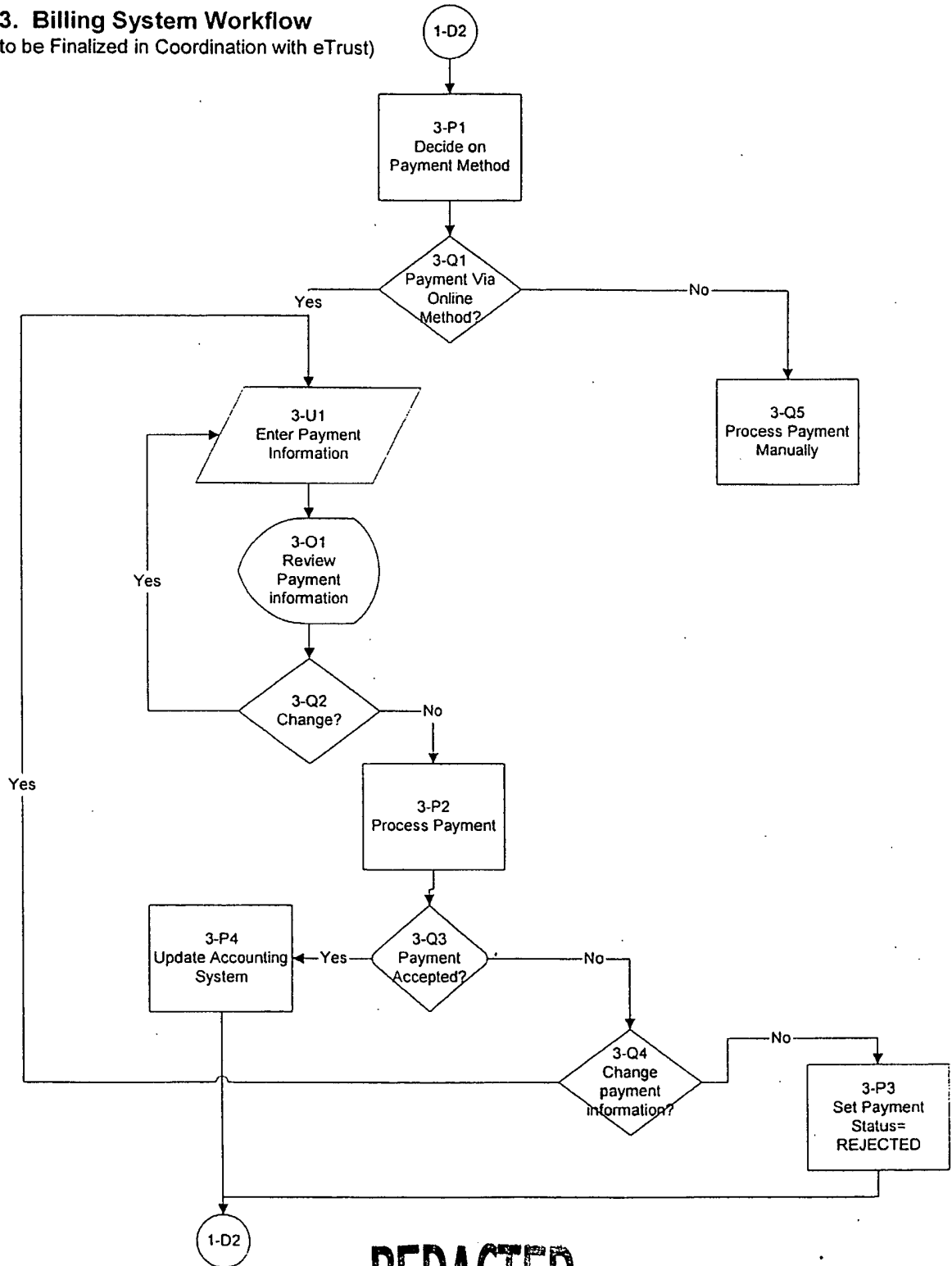


REDACTED

Number	Description
1-E	If the risk is too high, and reinsurance is not available the user is referred to an underwriter and the process is aborted.
2-D1	The data is checked for content.
2-D2	The risk evaluation process is performed. [See Workflow 5]
2-D3	The quote is calculated and saved so that it'll be saved for the next time the user logs on to the system. [See Workflow 15]
2-D4	The user performs data entry of the required fields for a quote to be created successfully. [See Workflow 6]
2-O1	The quote information is displayed – along with suggestions on how to make it lower or different in “what-if” scenarios. The user is able to make modifications on the spot. Results of changes in the fields result in a new quoted amount instantaneously. The value of the shipment is the only field that cannot be modified.
2-O2	When AIG can not provide insurance for this shipment, a referral is provided to the user.
2-O3	The quote information is displayed – along with suggestions on how to make it lower. The user is able to make modifications on the spot. Results of changes in the fields result in a new quoted amount instantaneously.
2-Q1	Some B2B exchanges may provide the ability to download relevant transaction information directly. This would be a shortcut for the user who would not have to perform as much data entry.
2-Q2	The user is asked whether they are the insured.
2-Q3	If the risk was evaluated to be too high, the user is informed and a referral is made.
2-Q4	If it is invalid or incomplete, the user returns to the data input screen.
2-S1	When the transaction is not downloaded from the exchange, it is still possible to for the user to populate the insurer party information if the user is the insured party.
2-S2	The transaction data is downloaded from the exchange.

REDACTED

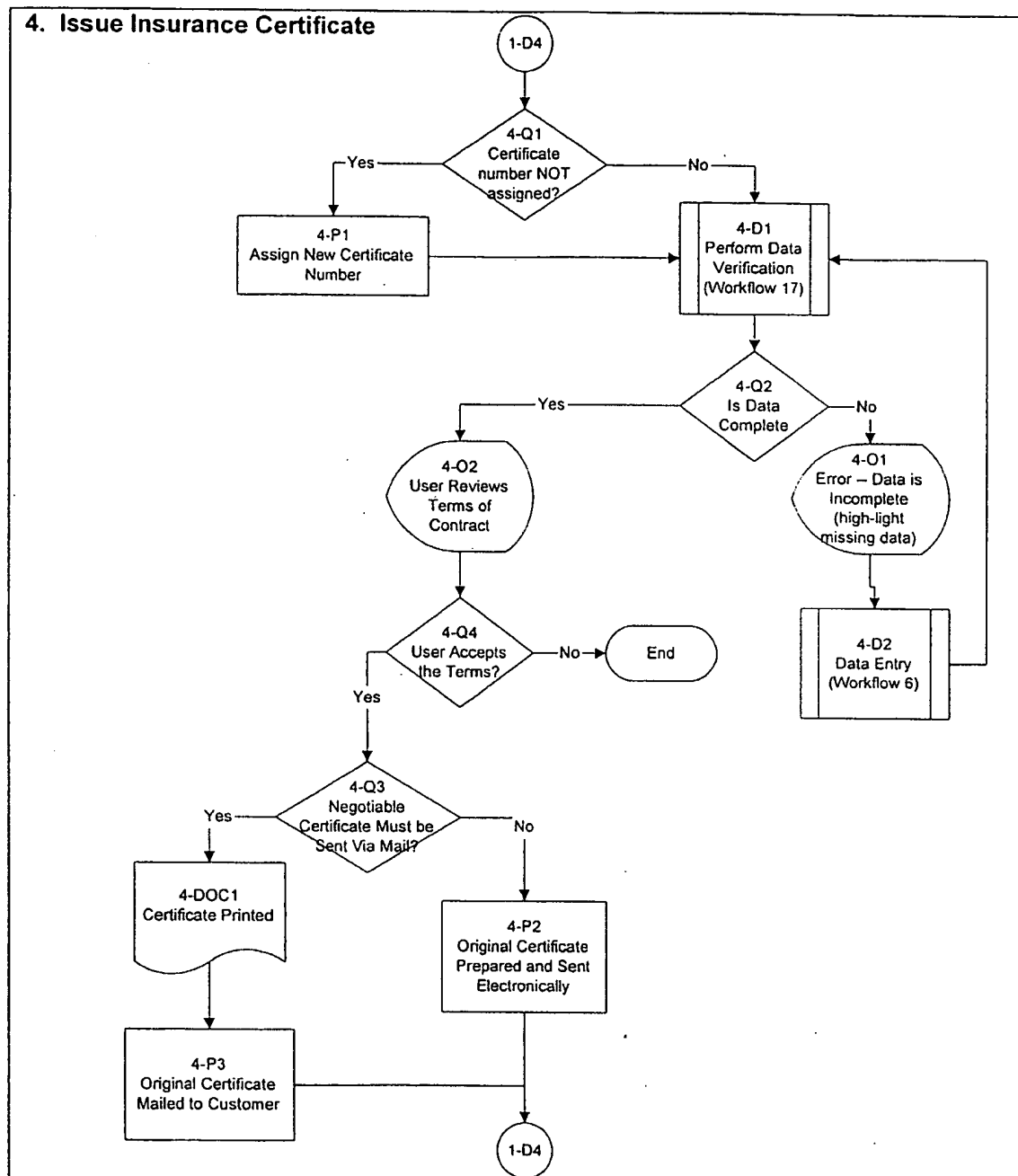
3. Billing System Workflow (Billing to be Finalized in Coordination with eTrust)



REDACTED

Number	Description
3-O1	The user reviews the payment information entered.
3-P1	Payment method used will depend on the insured's country as well as the terms of agreement with the B2B exchange. Several payment options could be offered to the same customer.
3-P2	Payment is processed.
3-P3	If payment was not completed successfully, then the transaction is aborted.
3-Q1	Inquires if the user will use an online or offline method of payment.
3-Q2	The user is given the possibility to change the credit card information if it was not entered properly.
3-Q3	If payment is successfully completed, the billing process is complete. If not, the user can modify the payment data that was previously entered.
3-Q4	Inquires whether the user wishes to modify the payment information previously entered. This can only take place if the payment was unsuccessful.
3-Q5	Process payment manually. The user will be instructed to send payment to an address or to make payment in person. Necessary information and disclaimers will be provided.
3-U1	If online method of payment will be used, the user will enter the appropriate information. [This information could be kept on file, in which case this step would be bypassed.]

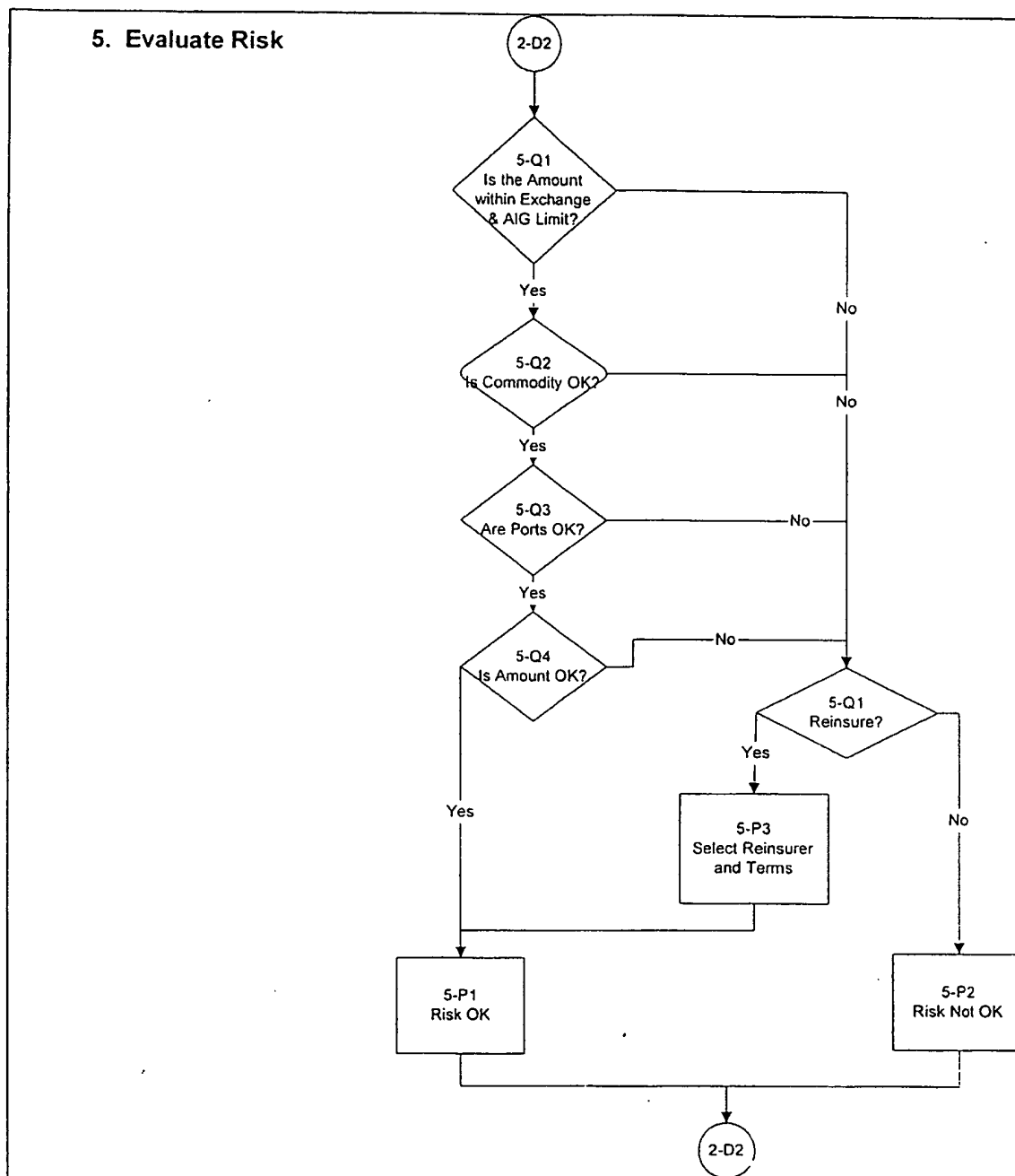
REDACTED



REDACTED

Number	Description
4-O1	The user receives a warning that since not all information was provided. The missing data is highlighted.
4-D1	The system verifies that the data is valid and complete [Workflow 17]
4-D2	If the user decides to complete the data, the shipment detail data entry process starts. [See Workflow 6]
4-DOC1	The certificate of insurance is printed directly by the user. Certificate to contain instructions on the use of the automated claims system or an alternative filing method.
4-O2	The user reviews the data entered so far as well as AIG' s terms.
4-P1	The system assigns a new insurance certificate number. [This could be a sequential number.]
4-P2	The insurance certificate is issued and sent to the user electronically.
4-P3	The original sent to the user via snail mail, based on legal requirements.
4-Q1	This process may have already been started. If this is the case the certificate number
4-Q2	If data is completed, the process continues, if not, the user receives an error message and data must be completed or corrected before the insurance certificate is issued.
4-Q4	If the user agrees with the terms and signs, the insurance certificate is issued. If the user does not sign, the process ends.

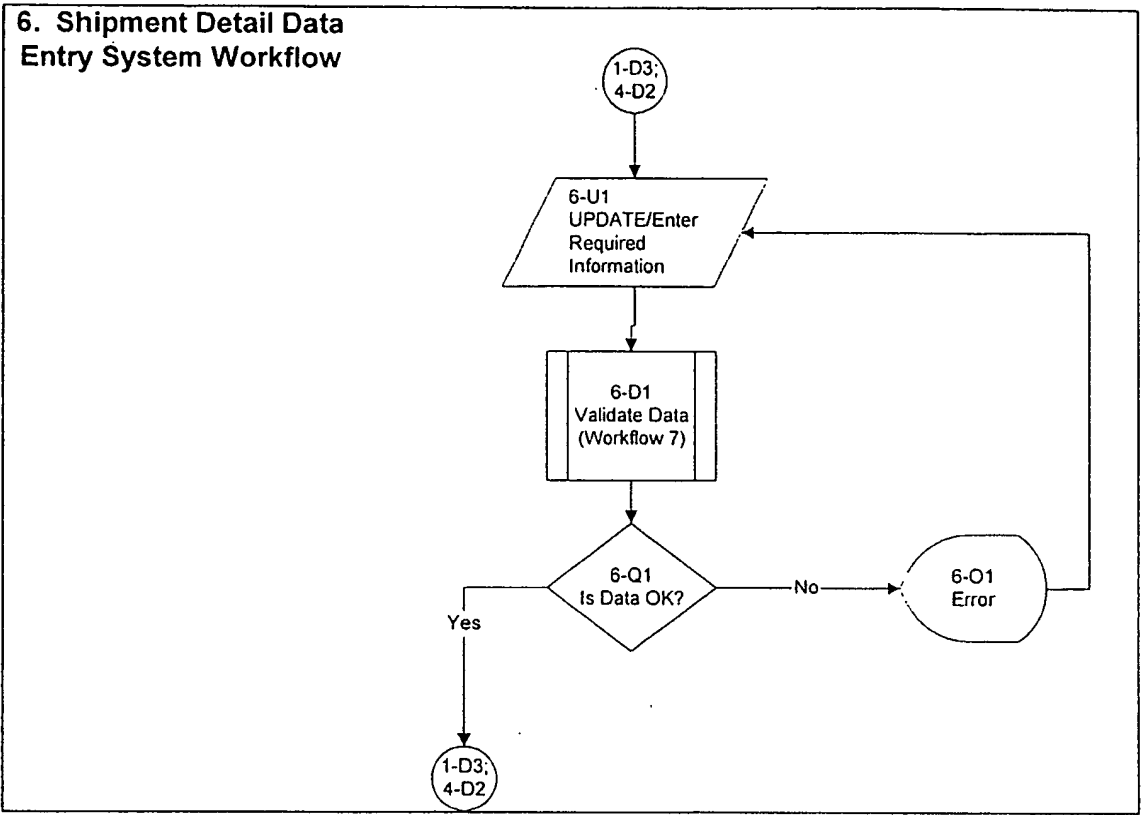
REDACTED



REDACTED

Number	Description
5-P1	Process outcome is risk is too high.
5-P2	Process outcome is risk is OK.
5-P3	A re-insurer is selected based on criteria and transaction data.
5-Q1	Limits are checked.
5-Q1	If re-insurance is possible based on these conditions, a re-insurer is identified and the process continues.
5-Q2	The commodity is checked against the list of restricted commodities.
5-Q3	The from and to ports are checked against the list of restricted ports
5-Q4	Additional rules to be defined.

REDACTED

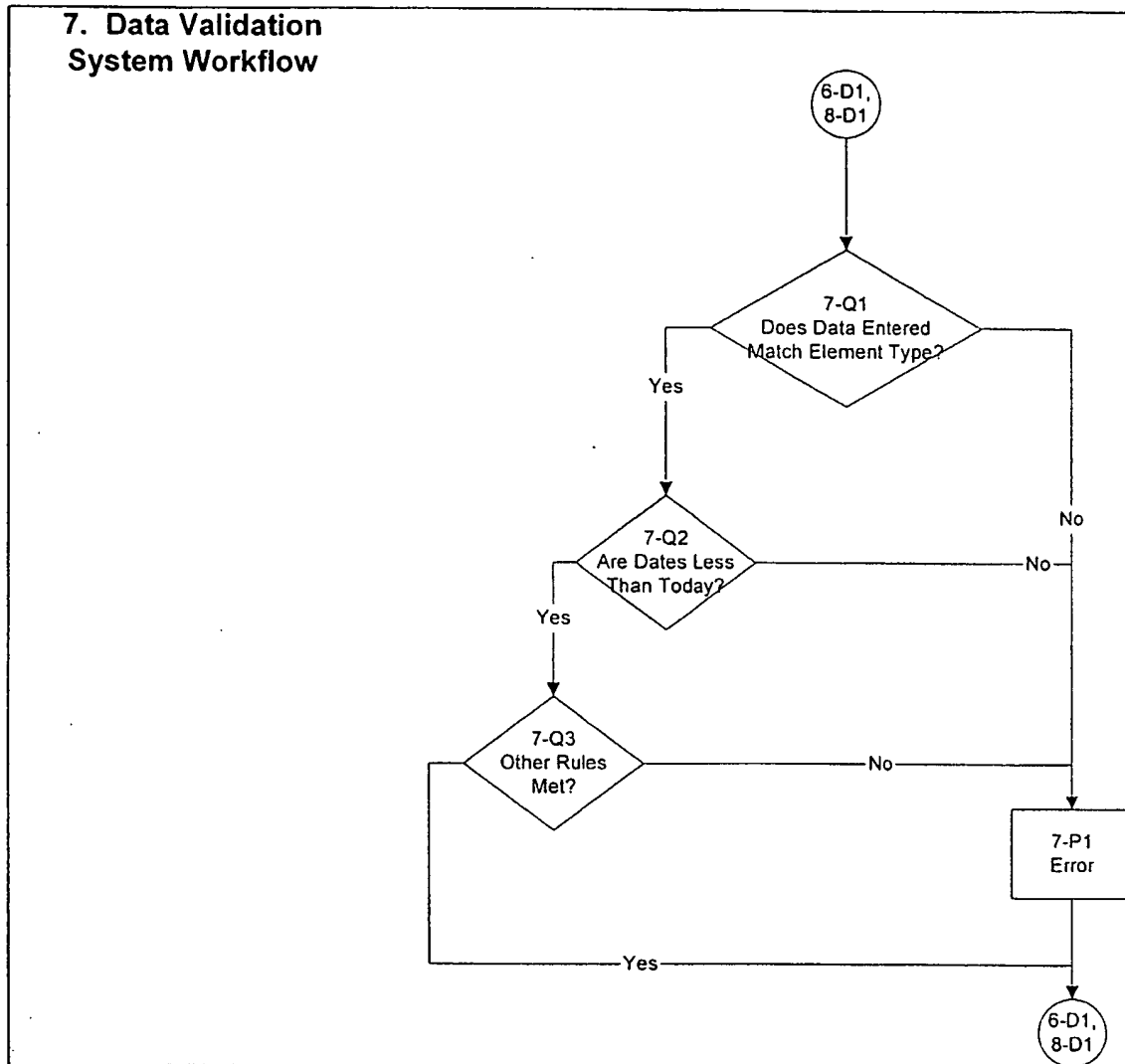


REDACTED

Number	Description
6-U1	Data is inputted
6-D1	Data is validated The system checks the data entered against a specific list of rules. [Need to come up with rules.]
6-Q1	If the data validation process is successful, the process ends. If it is not successful, the user receives a warning message and is asked to correct the invalid data. [Invalid fields will be highlighted in red.]
6-O1	An error message is received by the user along with the fields that must be corrected.

REDACTED

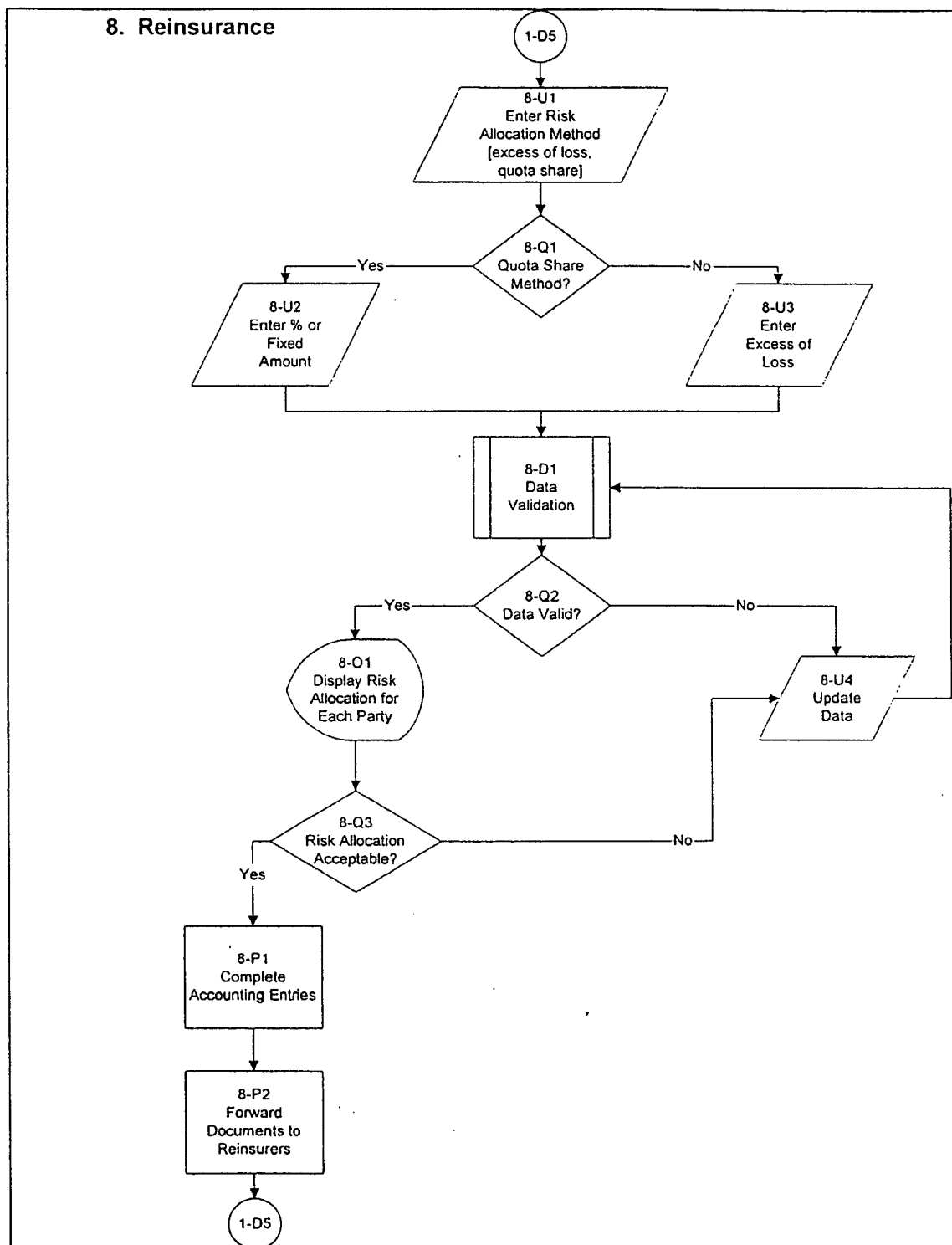
7. Data Validation System Workflow



REDACTED

Number	Description
7-P1	If the validation fails, the user receives an error message and invalid fields are highlighted in red.
7-Q1	Data types are checked (valid dates, number into numeric fields, etc.) [Need to refine]
7-Q2	Dates a validated. [Shipment date later than today, not after X months from today's date] (need to accommodate for time difference)
7-Q3	Other validation rules to be defined.

REDACTED

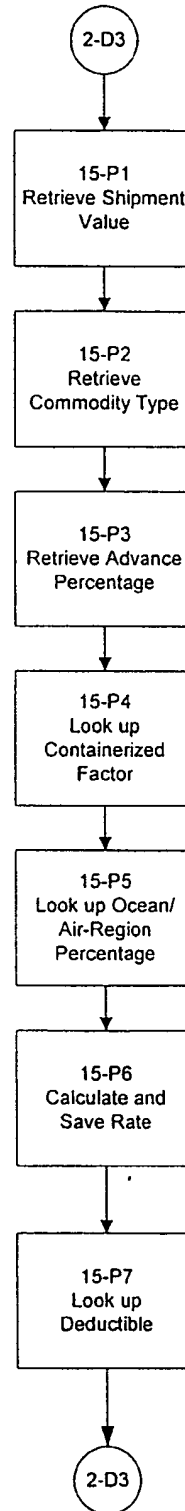


REDACTED

Number	Description
8-D1	Data is validated [See Workflow 7]
8-O1	When data entry is completed, the user reviews the data entered and verifies the allocation amounts.
8-P1	Accounting entries to be defined.
8-P2	The details of the transaction are forwarded to the re-insurers.
8-Q1	There are two different data input requirements depending on whether the risk allocation method is excess of loss or quota.
8-Q2	If data is valid, the use can continue. If not, an error message is displayed and the user must correct it before continuing.
8-Q3	If the user is satisfied with the data entered, the process continues. If he or she needs to make modifications, it is possible to do so before committing the changes to the database.
8-U1	The underwriter identifies the risk allocation method. [Excess of loss, quota share]
8-U2	If the risk allocation method is quota, a percentage of the share can be allocated, or the allocation can be made using a fixed amount.
8-U3	If the excess of loss method is used, the threshold amount has to be entered.
8-U4	The user updates the data.

REDACTED

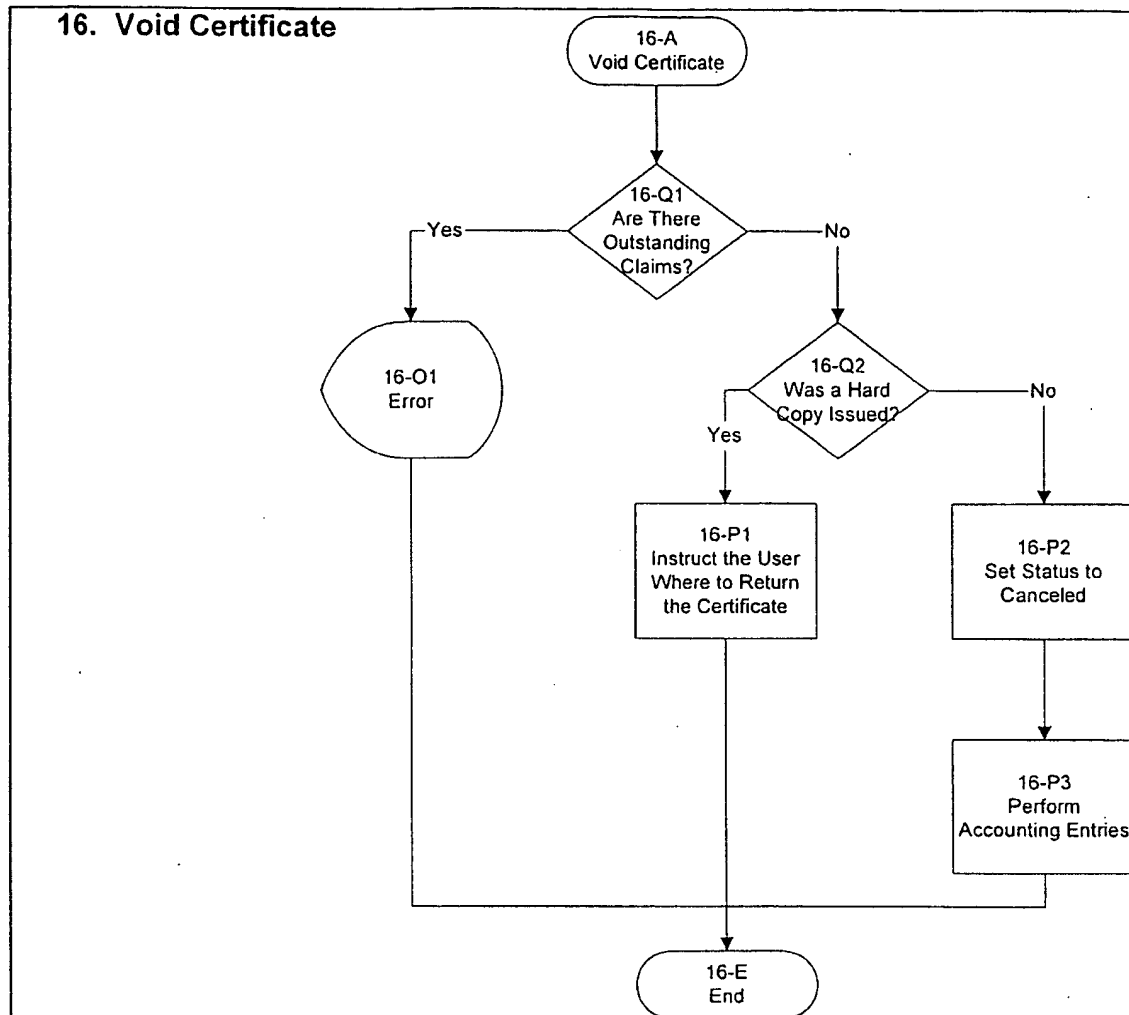
15. Create Quote



REDACTED

Number	Description
15-P1	The quote is calculated based on the following information: Value of the goods.
15-P2	The type of commodity shipped.
15-P3	Advance percentage determined via table look up.
15-P4	Whether the goods are containerized or not
15-P5	The shipment method and the region where the good are shipped to and from
15-P6	<p>The rate is calculated based on the following formula:</p> $\text{Premium due} = \text{Amount insured} * \text{containerized factor} * \text{packaging factor} * \text{commodity factor} * \text{ocean/air-region \%}$ <p>The final premium is subject to a minimum amount to be determined.</p> <p>The rate is saved so that it will be available in subsequent user sessions.</p> <p>NOTE: Rating formula to be further discussed and modified.</p>
15-P7	The deductible that applies is taken form the tables that list the appropriate rate according to the information specified above.

REDACTED

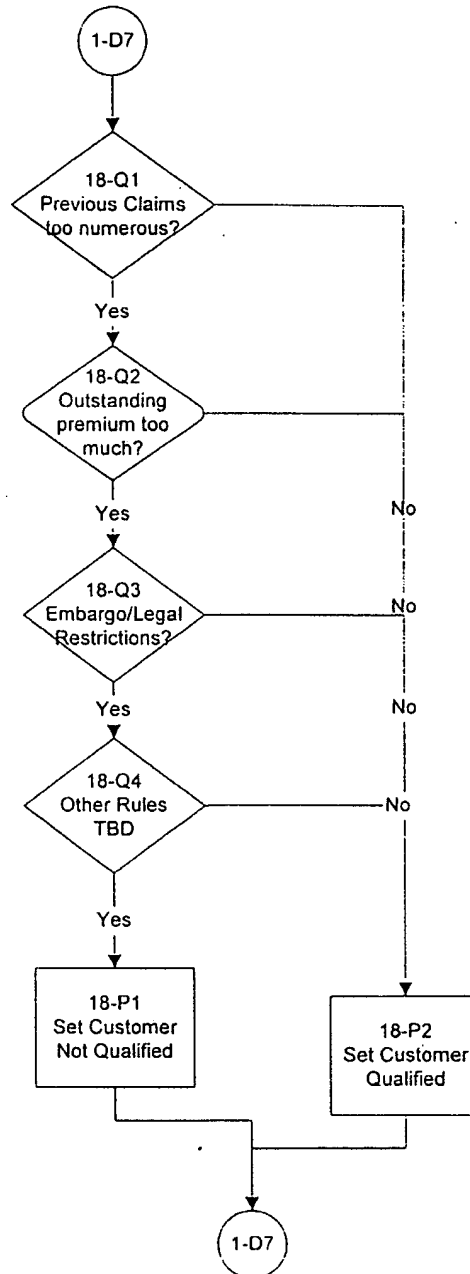


REDACTED

Number	Description
13-A1	The void certificate process takes place when the certificate has been issued; the user needs a change in the terms.
13-E	The process is ended.
13-O1	If there are outstanding or paid claims against this certificate, the certificate cannot be voided. The user is instructed that the certificate cannot be voided.
13-P1	If a hard copy of the insurance certificate was issued, the user must return it before the document can be voided.
13-P2	If there are no outstanding hard copies, the status of the certificate is void or canceled.
13-P3	Necessary accounting entries are completed to adjust accounts receivable or payable.
13-Q1	If there are outstanding or paid claims against this certificate, the certificate cannot be voided.

REDACTED

18. Customer Pre-Qualification

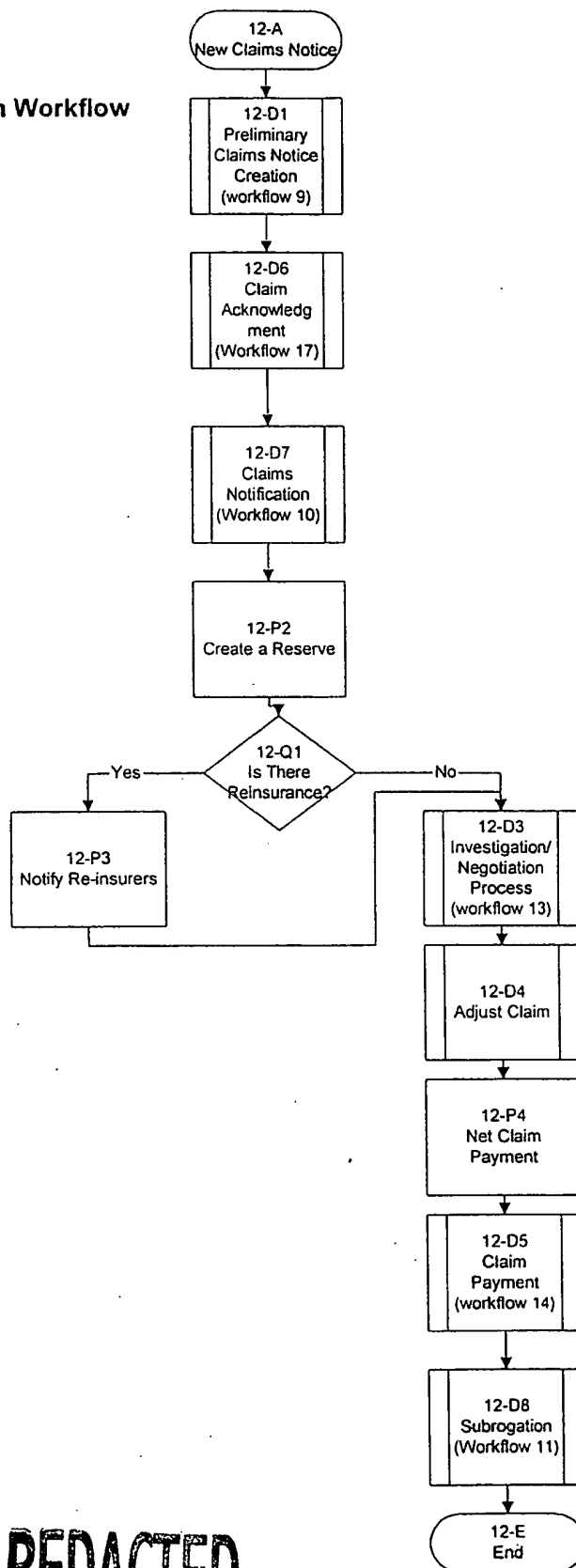


REDACTED

Number	Description
18-Q1	The customer pre-qualification process requires that the number of previous claims doesn't exceed a certain number or amount.
18-Q2	The customer cannot have unpaid premiums exceeding a certain amount.
18-Q3	If the customer's country of domicile has legal restrictions or is on the embargo list, the customer is not qualified.
18-Q4	Other criteria can be added.
18-P1	The customer qualifies for requesting a quote
18-P2	The customer does not qualify.

REDACTED

12. Claims -- System Workflow Overview

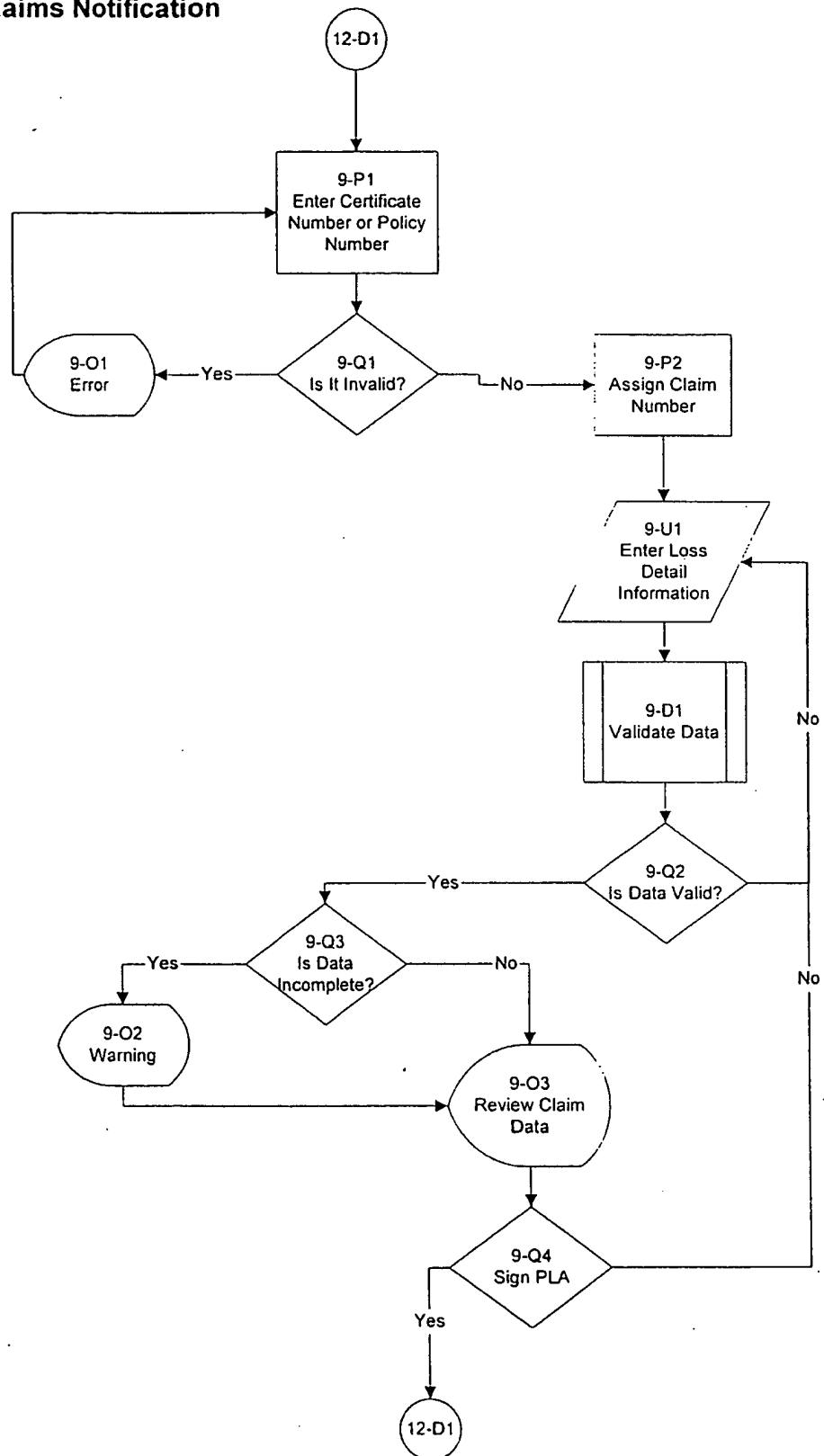


REDACTED

Number	Description
12-D1	The user completes a claims notice. Legal disclaimer needed to let the customer know that acknowledgement of claims notice and associated documents does not constitute an agreement to pay the claims. Legal disclaimers needed on all screens. [See Workflow 9]
12-D3	The investigation process starts. [See Workflow 13.]
12-D4	The claim is adjusted.
12-D5	The claim payment process is initiated. [See Workflow 14]
12-D6	The system acknowledges that a claim has been successfully received and further information is given to the user regarding how to proceed with the claim. [See process flow number 17]
12-D7	The system notifies the various entities that need to be involved with the claim. [See process flow number 10]
12-D8	The subrogation process is initiated once the claim is settled.
12-P2	A reserve is created [need to be defined]
12-P3	If reinsurance exists for specific certificate, the re-insurers are notified of the claim. [Documents are forwarded electronically.]
12-P4	The claim payment is netted.
12-Q1	If reinsurance exist, then reinsurers must be informed of the claim and the amount that they will be responsible to pay.
A12	The user clicks on the "FILE CLAIM" button on the browser

REDACTED

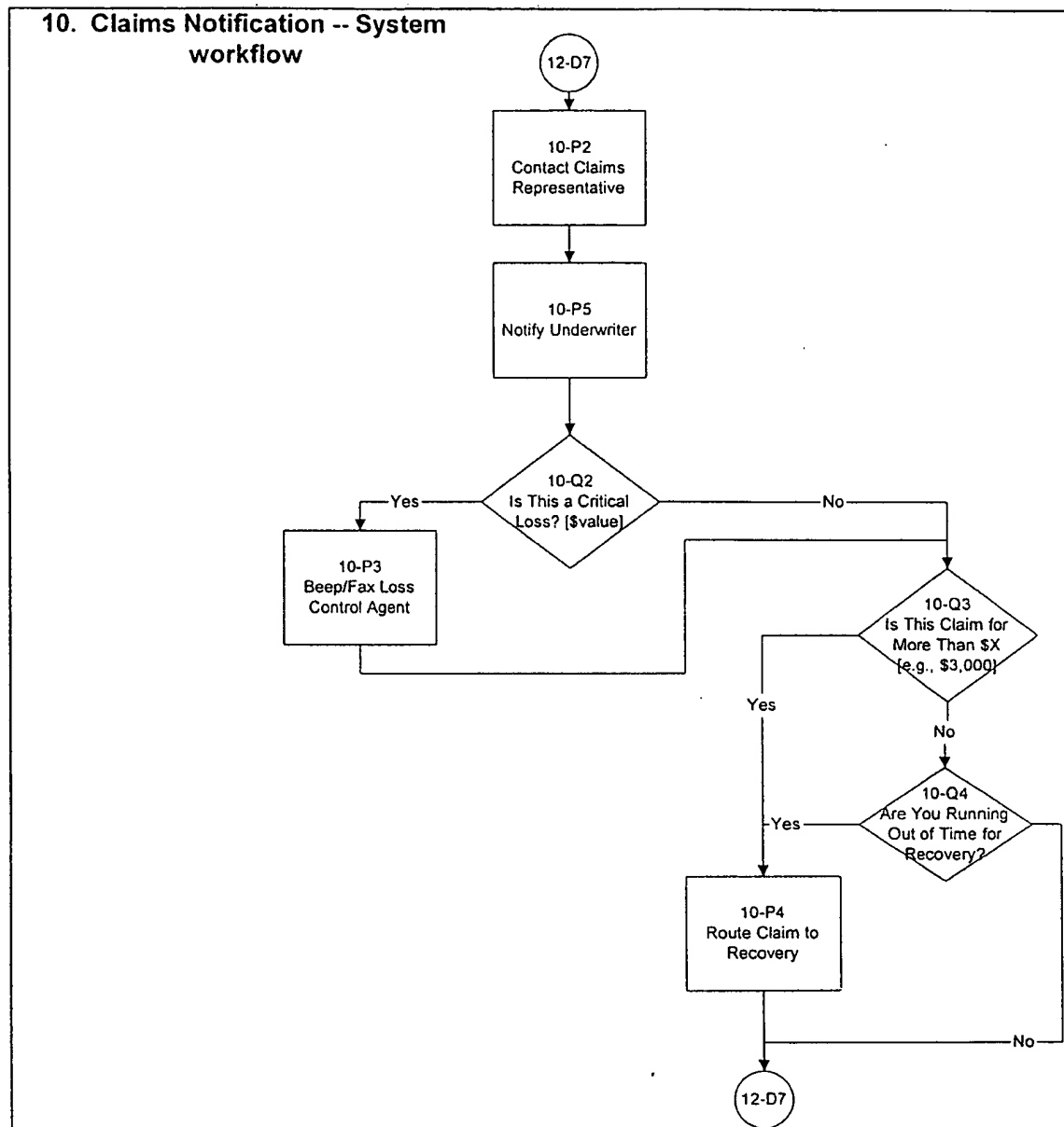
9. Create Claims Notification



REDACTED

Number	Description
9-D1	The data validation process is initiated.
9-O1	The user receives an error indicating the certificate number entered is incorrect and the user is asked to try again.
9-O2	If the data provided by the user is not complete, he or she receives a warning message indicating that it will have to be provided later. This does not stop the user from filing the claim.
9-O3	The user reviews the claim data for the purpose of signing the claim
9-P1	The user enters the certificate number.
9-P2	A claim number is assigned by the system.
9-Q1	If the certificate is valid, a claim document is created, if it is not, the user receives an error.
9-Q2	If data is valid, the user can continue. If it is invalid, the user must correct the error.
9-Q3	If the data is complete, the user receives a warning message. The user does not need to complete all of the data in order to file a claim.
9-Q4	If the user signs the PLA, the process continues, otherwise, the user is allowed to update the information provided so far.
9-U1	The user enters the loss detail information. This includes text information regarding the loss, dates, etc...

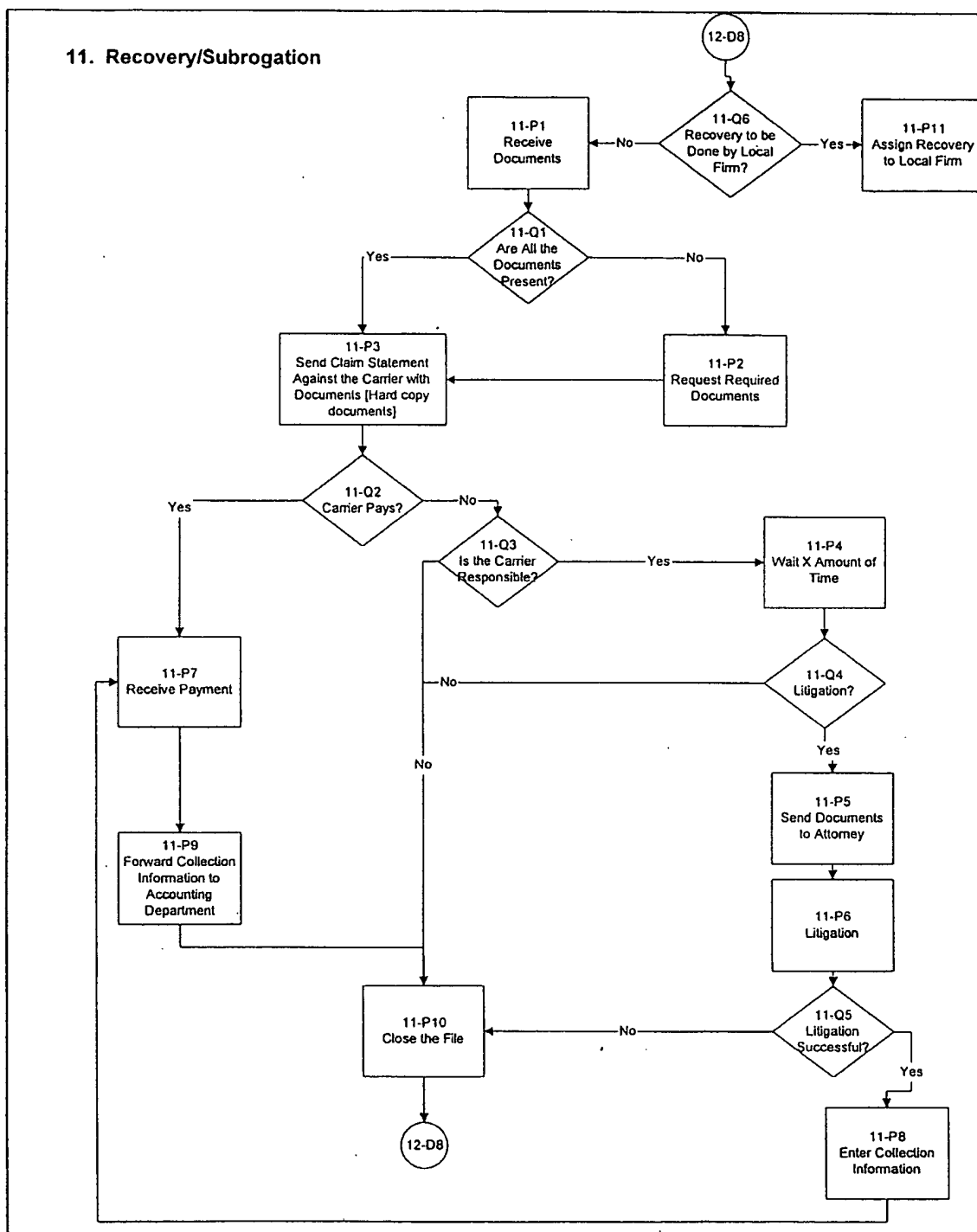
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REDACTED

Number	Description
10-P2	A Claims representative is assigned to this claimed based on criteria that need to be determined.
10-P3	The loss control agent for the region where the loss occurred is contacted urgently.
10-P4	The recovery department is notified of claims that are received where the time allowed for recovery is short.
10-P5	The underwriter is notified. [Rules can be defined to notify the underwriter only in specific cases, e.g., dollar amounts above \$X, commodities,...
10-Q3	If the claim is more than another amount, the recover department needs to be notified.
10-Q4	The shipping document date is checked against a set of rules to determine how much time remains for recovery. If it is less than a month, the recover department is contacted.
10-Q2	Is this loss higher than a certain dollar amount? If yes, loss control must be involved.

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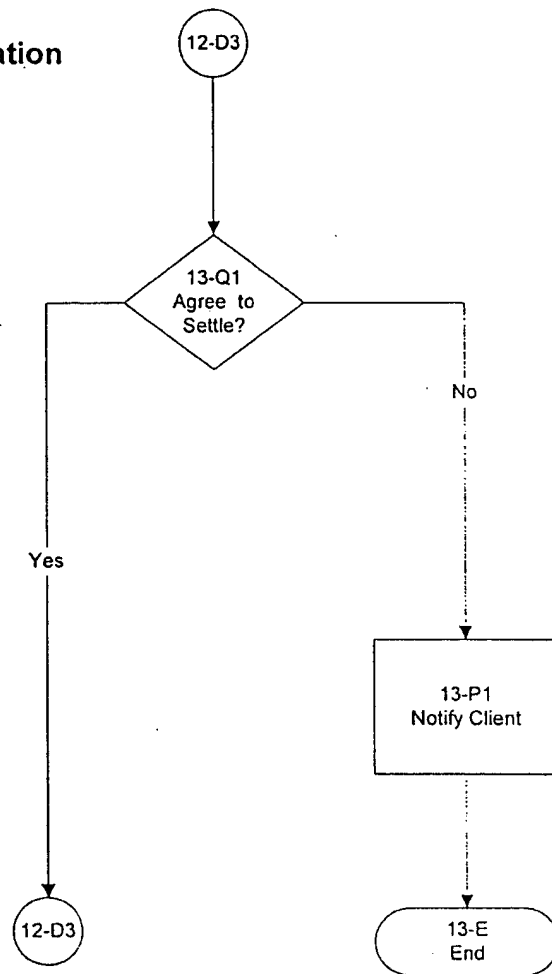


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Number	Description
11-P1	The documents are received by the subrogation department
11-P10	The file is closed, the reason for closing is specified.
11-P11	If a local firm is required to handle the recovery, the file is sent to them.
11-P2	If there are document missing the system red flags them.
11-P3	If all documents have been collected, the claim is sent to the carrier with the hard copy documents.
11-P4	The carrier is usually given a certain amount of time to complete payment before the litigation procedure is started.
11-P5	If a legal procedure is started, the file is sent to the attorney.
11-P6	The litigation procedure starts.
11-P7	The payment is received.
11-P8	The collection amount is entered into the system.
11-P9	The accounting department receives the payment notification.
11-Q1	The system checks to see whether all needed documents have been received.
11-Q2	There are three case scenarios. 1. The carrier decides to pay 2. The carrier does not pay, but the file is closed because they are not responsible. 3. The carrier does not pay and a legal procedure is started.
11-Q3	see 11-Q2
11-Q4	If the carrier does not pay, it is possible to forgo the right to sue them because of the negligible amount of the claim.
11-Q5	If litigation is successful, the amount collected needs to be entered into the system. If no money is collected, the file is closed. The reason for closing the file is inputted into the system.
11-Q6	The system determines who must handle the recovery.

REDACTED

13. Investigation/Negotiation

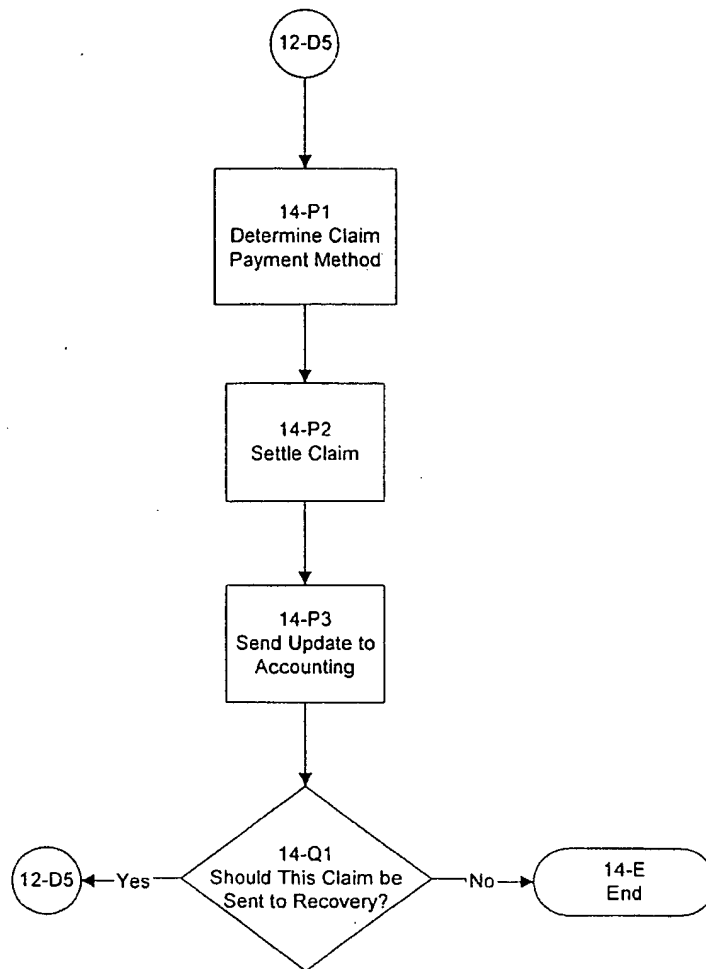


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Number	Description
I3-Q1	Claims determine whether to agree to settle.
I3-P1	If Claims decides not to settle, the client is notified and the process ends.

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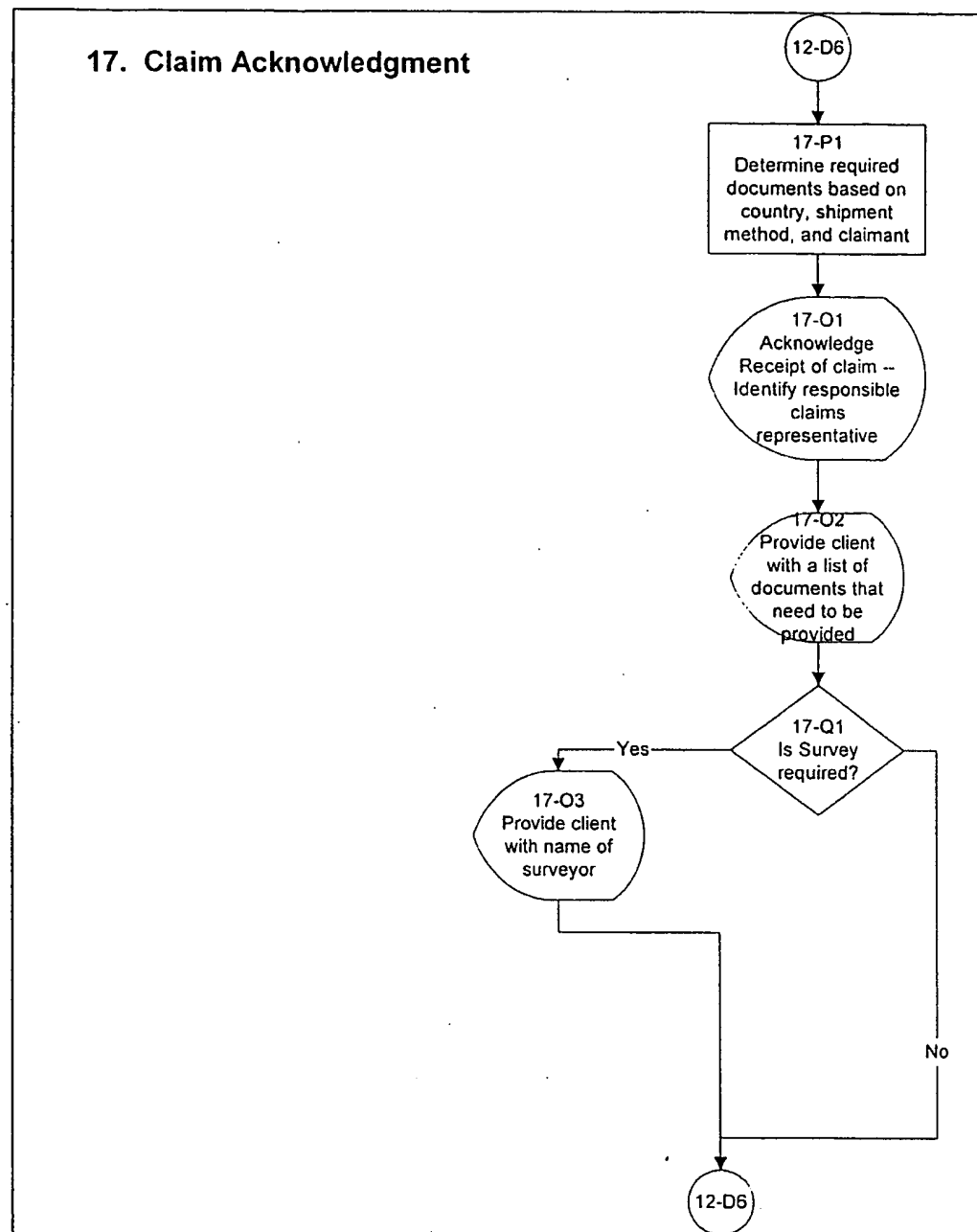
14. Claim Payment



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Number	Description
14-P1	Claim payment method is determined. It can be the same as the method used to collect premium or it may be different.
14-P2	Settle claim. Claim payment can be made by local AIG entity or centrally.
14-P3	Sending update to accounting.
14-Q1	Determination is made whether to forward to Recovery. Business rules may include dollar amount (e.g., "send all claims above \$X to recovery), and type of loss.
14-E	If no recovery is involved, close the file.

REDACTED



REDACTED

Number	Description
17-P1	The required documents are determined based on the transaction data.
17-O1	The user receives an acknowledgement that the claim was successfully received, along with a list of the documentation that is necessary and the name of a recommended surveyor if the survey is required.
17-O2	See 17-O1
17-Q1	The system determines whether the survey is required based on predefined rules. TBD
17-O3	See 17-O1

REDACTED
REDACTED

DATA REQUIREMENTS

Shown below are initial sets of data requirements for Claim Notice and Insurance Certificate. Additional requirements will be gathered and defined in subsequent versions of this document.

Claim Notice	Attributes	Type	Data input choice
	AIG office	Char	List
	Contact person	Char	
	Foreign Office Indicator	Boolean	Y/N
	Local Claim Number	Char	Max num of char?
	Local Policy Number	Char	Max num of char?
	Certificate Number	Char	Max num of char?
	Date of Loss	Date	
	Report Date	Date	
	Vessel or Location	Char	
	Containerized Indicator	Boolean	Y/N
	Interest Insured	Char	
	Assured	Char	
	Voyage From	Char	
	Voyage To	Char	
	Insuring Conditions and Deductible	Char	List
	Kind of Loss and Name	Char	
	Amount Insured Locally	Char	
	Percent Interest	Num	
	Value Insured in US Dollars	Char	
	Estimated Net Loss in US Dollars	Char	
	Reinsurance Company Name	Char	
	Percent Reinsured	Num	
	Original Estimate in US Dollars	Char	
	Revised Gross Estimate Date	Date	
	Revised Gross Estimate Amount	Num	
	Additional Details	Char	
	Preparer's Name	Char	
	Date of Preliminary Claim Advice	Date	
	Recovery Potential	Boolean	Y/N
	State Side Adjuster Name	Char	
	Special Instructions	Char	

REDACTED

Insurance Certificate	Attributes	Type	Data input choice
Customer			
	AIG client Number	AN	
	Assured Name	AN	
	Address Line 1	AN	
	Address Line 2	AN	
	Address Line 3	AN	
	City	AN	
	State/Province	AN	
	Postal Code/ZIP	AN	
	Country	AN	
	Phone Number	AN	
	Fax Number	AN	
	eMail Address	AN	
	Billing address Line 1	AN	
	Billing address Line 1	AN	
	Billing address Line 1	AN	
	Billing address City	AN	
	Billing address State/Province	AN	
	Billing address Country	AN	
	Billing address Fax Number	AN	
	Billing email address	AN	
	Billing address Phone Number	AN	
	DUNS Number	AN	
Shipment Detail			
	Commodity	AN	
	From Port	AN	
	From Country	AN	
	To Port	AN	
	To Country	AN	
	Via	AN	
	Amount Insured	Num	
	Currency	AN	
	Containerized Indicator	AN	
	Ship method	AN	
	Assured Country	AN	
	Bill of Lading Number	AN	
	Letter of credit number	AN	
	Marks and numbers	AN	
	Vessel Name or Flight Number	AN	
	Carrier	AN	
	Subject matter insured 1	AN	
	Subject matter insured 2	AN	
	Consigned to	AN	
	Departure Date	Date	
	Claim Payee Name	AN	

REDACTED

EXPRESS MAIL MAILING LABEL NO. EV719222290US

EXHIBIT C

Introduction

This document summarizes the cargo insurance business logic and process rules that will be implemented as part of the eCargo product developed within the framework of eTrust's electronic environment. eCargo will permit 24X7 access to AIG's services by customers, electronic signature of documents, imaging and Workflow system capabilities, and availability of transactional data to AIG's offices worldwide.

This new system will automate the cargo insurance business including underwriting and claims' processing. Some of the core functionality that customers will be able to access on line include:

- Requesting quotes for open policies and individual shipment insurance
- Purchasing and payment of shipment insurance
- Issuing insurance certificates on line
- Voiding certificates online
- Filling a claim
- Checking the status of a claim
- On line customer service

These front office functions will require a certain amount of back office automation including:

- Data-feeding of customer data from B2B exchanges
- Performing pre-qualification of customers based on claim and billing history and other factors
- Underwriter referral capability
- Interfacing to accounting departments
- Quote calculation using eCargo's rating model
- Decision to reinsure
- Reinsurance accounting
- Automated notification of various parties when a claim is submitted against a certificate
- Subrogation process tracking
- Claim adjustment

In addition to the back office activities described above, the system will perform a number of customer support functions.

Examples of such functions are:

- Instruct the user as to the documents that will be required for individual claims and recovery
- Instruct the user when data inputted is invalid
- Provide the user with a list of available surveyors when they report a loss
- Provide users with information on their responsibilities regarding the shipment according to the INCO term specified.

The system will also support the creation of numerous management reports, some of which are listed below:

- Profitability reports based on commodity, customer, region, and other fields to be defined
- Claims data reporting capability

The system will have the ability to analyze the data provided by customers to identify potential problems with shipments or claims. This functionality will be used in the following cases:

- Evaluate claims to ensure that dates fall within the legal statutory time limits for recovering claims
- Red-flag high-risk commodities and ports to ensure that loss control is able to take preventive measures against loss.

REDACTED

Underwriting Process

The underwriting process is composed of five major steps:

1. Quote creation
2. Billing
3. Certificate issuance
4. Reinsurance
5. Loss Control

Quote Calculation

The quote creation process is initiated when a user of a business to business exchange accesses the AIG web site to inquire about AIG's cargo insurance rates. The system requires that users subscribe to the site before they can generate any quotes. Subscription takes place immediately, and only requires very minimal customer information, most likely their name, company name and email address. When a user goes through the subscription process, any customer data that can be downloaded from the exchange is downloaded. This data will then be used to minimize the amount of data entry required in the creation of documents.

When the login process is completed, the system performs a small pre-qualification check where customer claims and premium payments records are accessed. The system will have the ability to reject some customers based data regarding past behavior that may indicate a high rate of claims or unpaid premiums.

The quote creation process continues with data input by the user of information regarding commodity, departure and arrival locations, mode of conveyance, estimated departure date, invoice value, amount insured and currency. Based on the transactional information provided by the user or the business to business exchange, the system performs the quote calculation.

The customer can review the quote information provided by the system and make data modifications while in the quote screen to see whether changes in the deductible amount or shipment locations can result in a cheaper rate.

Billing

The billing process is initiated when a user accepts a quote that was provided by the system. The system captures all relevant payment detail information, but payment is not processed until the user agrees with the terms of the insurance contract. If the billing process is completed successfully, the insurance certificate can be issued.

Certificate issuance

The certificate issuance process starts with a system verification of the data that was provided so far. If any required data is missing, the user is asked to complete it. Once complete, the user is asked to review the terms and conditions of the contract as well as the data inputted so far. The user can change any piece of data that does not affect the actual rate that was provided with the quote. If the user changes one of these key fields, the system will have to redo the quote calculation and the user will receive a warning message. When all terms and conditions are accepted, the payment is actually processed, and an electronic certificate of insurance is issued. A follow up hard copy of the insurance certificate will be forwarded to the customer if necessary.

REDACTED

eCargo Business Requirements Summary

Reinsurance

When the transaction amount is large, there may be a need for AIG to reinsure part of the certificate value. If this is the case, the system will automatically evaluate the percentage of reinsurance required as well as the percentage allocated to each re-insurers.

Loss control

The underwriting process ends with an evaluation by the system of the loss potential based on commodity and port locations provided by the customer. If there is a high loss potential for this particular transaction, a loss control agent will be contacted by email.

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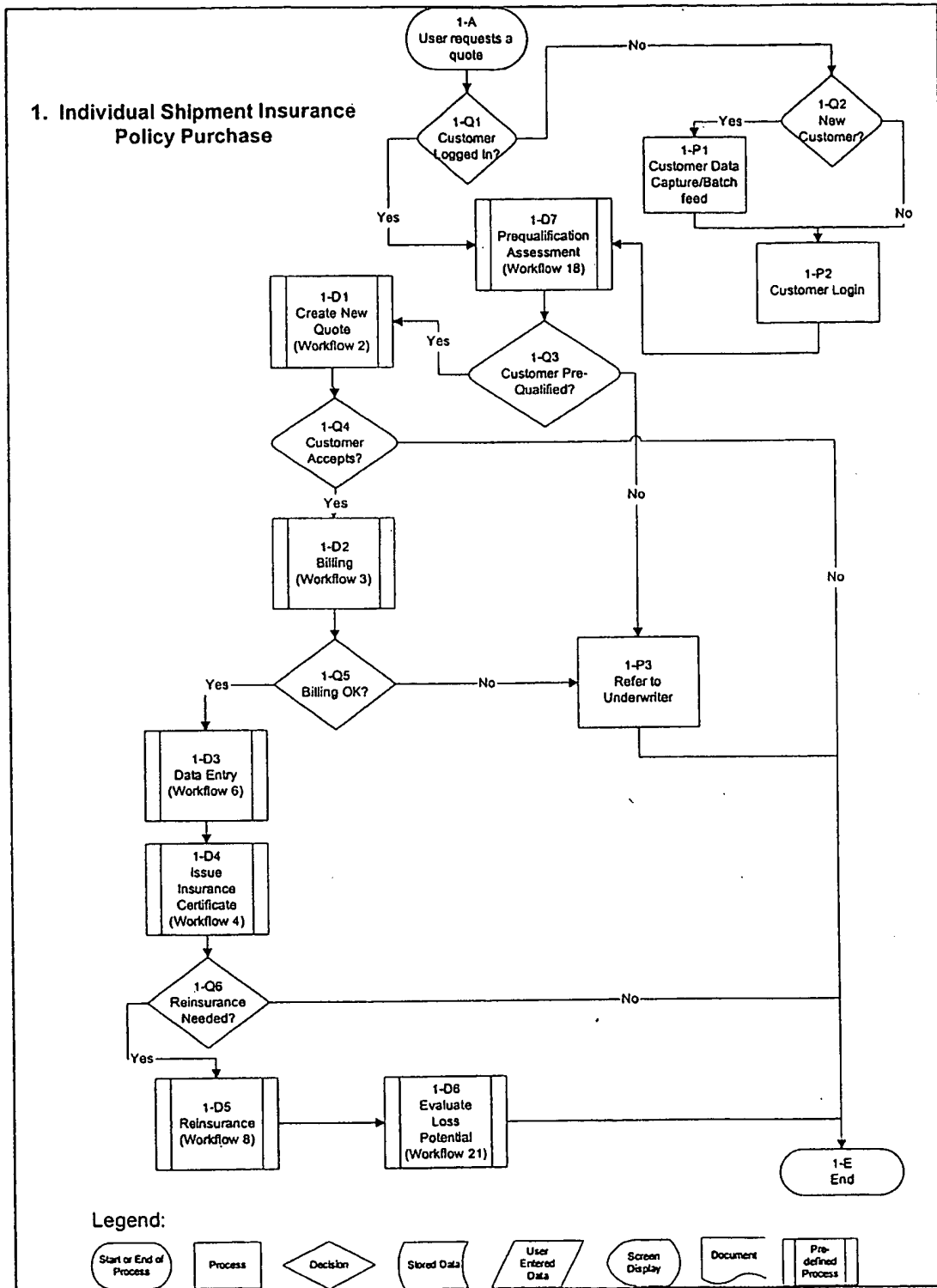


Figure 1 – Underwriting process

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Claims Process

A claim can follow two different basic flows based on the loss amount reported by the user. While the regular process requires a period of investigation and the creation of a reserve, a fast track claim may automatically be paid by AIG after all required documentation has been provided.

Once the user has completed a claim notification, the system initiates a series of automated actions:

- The user is provided with a list of documents that will be required to process the claim
- A series of notification emails are sent to the claims representative, the underwriter, loss control, and the recovery department based on the factors such as amount of the claim, type of loss and statutory time limits.
- If there was reinsurance on the particular transaction, the various re-insurers are also contacted.

In the case of a fast track transaction or when the investigation process has indicated that the claim is acceptable, the claim is adjusted and paid.

If the claim is for more than a certain amount, the file is sent to recovery.

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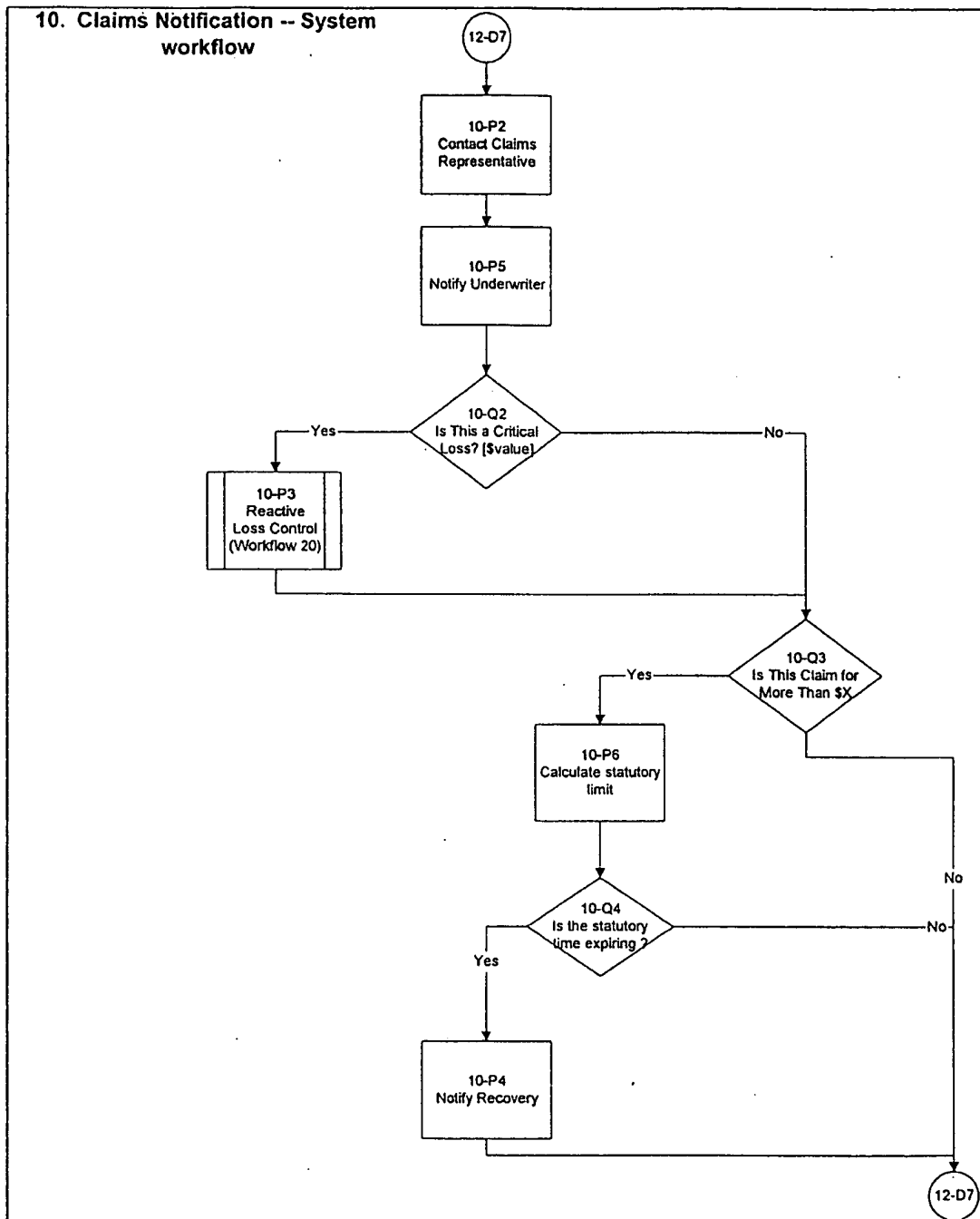


Figure 2 – Claims' process

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